CHAPTERS

WORKING PAPERS AND STUDY GUIDES 1-28

CENTURY 21®

ACCOUNTING

Swanson • Boynton • Ross • Hanson / SECOND EDITION

B271 SOUTH-WESTERN PUBLISHING CO.

21® Advanced Course

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HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT
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CENTURY 21® ACCOUNTING

WORKING PAPERS AND STUDY GUIDES

TO THE STUDENT

These *Working Papers and Study Guides, Advanced Course*, are to be used in the study of Chapters 1–28 of CENTURY 21 ACCOUNTING. Forms are provided for: (1) Study Guides, (2) Problems for Applying Concepts, (3) Mastery Problems, (4) Bonus Problems, and (5) Projects 1A, 1B, and 2. Printed on each page is the number of the problem in the textbook for which the form is to be used. A number shown in brackets, [1], refers to a specific instruction number in a particular problem for which the form is to be used.

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Published by
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CINCINNATI WEST CHICAGO, ILL. DALLAS
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B271

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ISBN: 0-538-02271-X *Printed in the United States of America*

Perfect Score . 30

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 1

Unit A — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — account clerk
B — accountant
C — accounting clerk
D — advancement-level jobs
E — assistant accountant
F — career ladder
G — coding clerk
H — cost accounting clerk
I — entry-level jobs
J — general accounting clerk
K — inventory control clerk
L — junior accountant
M — payroll clerk
N — professional accountant
O — purchases and cash payments clerk
P — records clerk
Q — sales and cash receipts clerk
R — specialized accountant
S — specialized accounting clerk
T — voucher clerk

Column II

	Answers	For Scoring
0. An accounting employee who gathers, classifies, records, posts, and summarizes accounting data	C	0. ✓
1. A person who handles all aspects of the accounting cycle, has a working knowledge of cost accounting, and prepares reports for management		1.
2. An accounting employee who interprets, analyzes, and collects data for management decision making		2.
3. A person who handles general accounting procedures, including accounting for uncollectible accounts, plant assets, and prepaid items and accruals		3.
4. Jobs on which beginning workers start without any experience		4.
5. The series of jobs that a person may move through in a career		5.
6. A person who works in a particular area within the accounting system, such as auditing, tax work, cost accounting, or budgeting		6.
7. Jobs on the career ladder that a person may advance to after gaining experience or additional training		7.
8. A person who works with all aspects of accounting, including auditing, budgeting, financial statement analysis, taxes, and accounting systems		8.
9. A person who verifies and records accounting transactions, posts data to ledgers, and completes the books through the trial balance		9.
10. An accounting employee who checks, records, posts, and prepares reports for specific types of business transactions		10.

Unit B — Career Planning

INSTRUCTIONS: After each statement given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers True	Answers False	For Scoring
0. The study of accounting in high school is the first step in acquiring the necessary skills for starting an accounting career	√		0. √
11. An accounting clerk may also be classified as a record clerk			11.
12. A person in private accounting may work independently for a number of businesses or as a member of an accounting firm			12.
13. Public accountants sell their services to individuals or businesses			13.
14. A larger number of accountants are currently employed in the accounting field than bookkeepers or accounting clerks			14.
15. Labor projections indicate that there will be a greater demand for bookkeeping workers than accountants each year through 1985			15.
16. Labor projections indicate that there will be a decreasing demand for persons trained to work with automated equipment			16.
17. All entry-level jobs in accounting require specific skills or education			17.
18. Each step on the accounting career ladder requires more skill and carries more responsibility than the step before			18.
19. Accounting clerks may be classified as either general accounting clerks or specialized accounting clerks			19.
20. Specialized accounting clerks are often classified according to the type of accounting reports for which they are responsible			20.
21. A cash payments clerk may also be classified as an accounts receivable clerk			21.
22. An accounts receivable clerk may also be responsible for the preparation of customers' statements of account			22.
23. Coding clerks may be responsible for the preparation of forms to check the accuracy of the data processed by a computer			23.
24. A first-year high school accounting course is generally the educational preparation needed to obtain an entry-level job as a specialized accounting clerk			24.
25. Advancement for accounting clerks in most businesses is not possible without additional formal education beyond high school			25.
26. A junior accountant may also be classified as a full-charge bookkeeper			26.
27. A professional accountant will normally have received the CDT certificate			27.
28. To qualify for an entry-level job as a junior accountant, a person should have completed a four-year college degree with a major in accounting			28.
29. A person with two years of high school accounting plus considerable accounting experience may advance to the position of junior accountant or assistant accountant			29.
30. Persons entering the accounting profession as a specialized accountant or a professional accountant may advance to executive-level positions in major companies			30.

Name _____ Date _____ Class _____

PROBLEM 1-1, p. 14

Educational planning for entry-level accounting jobs

Education	Entry-Level Job
a. Masters Degree Accounting Major	a. _____
b. Four-Year College Degree Accounting Major	b. _____
c. Two-Year College Associate Degree Accounting Major	c. _____
d. High School Diploma Second-Year High School Accounting	d. _____
e. High School Diploma First-Year High School Accounting	e. _____

Advancement-level accounting jobs

PROBLEM 1-2, p. 15

Entry-Level Jobs	Advancement-Level Jobs
a. Specialized accounting clerk	a. _____
	_____
b. Junior accountant	b. _____
c. Specialized accountant	c. _____

a. Accounts receivable clerk. Growing chemical company has opening for person who is looking for a career and wants to grow with us.

1. _____
2. _____
3. _____

b. Excellent opportunity for individual with payroll experience who can work independently. Typing ability and good figure aptitude mandatory, as well as a knowledge of calculators and adding machines.

1. _____
2. _____
3. _____

c. Bookkeeper (general accounting clerk) through trial balance. One person office. Some typewriting. Must be reliable and able to assume responsibility.

1. _____
2. _____
3. _____

d. Full-charge bookkeeper (junior accountant) to handle complete set of books, prepare financial statements and other accounting reports. Must have 3–5 years minimum experience.

1. _____
2. _____
3. _____

e. Auditor to travel. Degree and hospitality experience necessary. Exciting company, benefits and opportunity for right individual.

1. _____
2. _____
3. _____

Perfect Score . 68

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 2

Unit A — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — account
B — account balance
C — automated data processing
D — combination journal
E — controlling account
F — data
G — data processing
H — fundamental accounting equation
I — general journal
J — general ledger
K — journal
L — ledger
M — machine accounting
N — manual accounting
O — notes payable
P — notes receivable
Q — petty cash fund
R — posting
S — proving cash
T — schedule of accounts payable
U — schedule of accounts receivable
V — source document
W — special journal
X — subsidiary ledger
Y — trial balance

Column II

	Answers	For Scoring
0. Detailed facts of any kind	*F*	0. ✓
1. Processing financial data using pen, ink, and simple office machines		1.
2. The recording, sorting, classifying, calculating, summarizing, and reporting of data		2.
3. Processing financial data using specialized accounting machines		3.
4. A statement of the relationship between the assets, the liabilities, and the capital of a business		4.
5. An accounting form used to sort and summarize the changes caused by business transactions		5.
6. The difference between the total debits and credits in an account		6.
7. A business paper prepared when a business transaction occurs and from which an entry is made		7.
8. The first book in which the records of a business transaction are written		8.
9. A journal with two amount columns in which all kinds of entries can be recorded		9.
10. A multicolumn journal in which all transactions of a business can be recorded		10.
11. A journal in which only one kind of business transaction is recorded		11.
12. A group of accounts		12.
13. A ledger that contains all the accounts needed to prepare financial statements		13.
14. A ledger that is summarized in a single general ledger account		14.
15. A general ledger account that summarizes a subsidiary ledger		15.
16. Promissory notes that a business issues to creditors		16.
17. An amount of cash kept on hand for making small payments		17.
18. Determining that the amount of cash on hand agrees with the amount of cash shown in the accounting records		18.
19. Promissory notes that a business receives		19.
20. Transferring entries in journals to accounts in ledgers		20.
21. A list of the balance due from each charge customer and the total due from all charge customers		21.
22. The proof of the equality of the debits and the credits in the general ledger		22.
23. A list of the balance owed to each creditor and the total owed to all creditors		23.

Unit B — Basic Principles of Accounting

INSTRUCTIONS: Indicate if each statement below is true or false by placing a check mark in the appropriate Answers column.

	Answers True	Answers False	For Scoring
0. Asset accounts have credit balances		√	0. √
24. Liability accounts have debit balances			**24.**
25. The owner's capital account has a credit balance			**25.**
26. Cost accounts have debit balances			**26.**
27. Expense accounts have credit balances			**27.**
28. Revenue accounts have credit balances			**28.**
29. Increases in an account are always recorded on the balance side of the account			**29.**
30. Decreases in an account are always recorded on the side opposite the balance side			**30.**
31. The increase side of an asset account is the debit side			**31.**
32. The decrease side of liability accounts is the debit side			**32.**
33. The decrease side of the owner's capital account is the debit side			**33.**
34. The increase side of cost accounts is the debit side			**34.**
35. The decrease side of expense accounts is the debit side			**35.**
36. The increase side of revenue accounts is the credit side			**36.**

Unit C — Recording Business Transactions

INSTRUCTIONS: For each of the transactions, print in the Answers column the capital letters identifying the accounts to be debited and credited.

A — Accounts Payable and creditor's account in subsidiary ledger
B — Accounts Receivable and customer's account in subsidiary ledger
C — Cash
D — Owner's drawing account
E — Interest Expense
F — Interest Income
G — Misc. Expense
H — Notes Payable
I — Notes Receivable
J — Purchases
K — Pur. Ret. & Allow.
L — Rent Expense
M — Sales
N — Sales Ret. & Allow.
O — Sales Tax Payable
P — Supplies

	Answers Debit	Answers Credit	For Scoring Dr.	For Scoring Cr.
0-0. Bought supplies for cash	*P*	*C*	0. √	0. √
37-38. Sold merchandise on account plus sales tax			**37.**	**38.**
39-40. Paid current month's rent			**39.**	**40.**
41-42. Issued a note payable on account			**41.**	**42.**
43-44. Purchased merchandise on account			**43.**	**44.**
45-46. Cash sales for the week plus sales tax			**45.**	**46.**
47-48. Paid cash on account			**47.**	**48.**
49-50. Returned merchandise to a creditor			**49.**	**50.**
51-52. Granted credit to a charge customer plus sales tax			**51.**	**52.**
53-54. Purchased merchandise for cash			**53.**	**54.**
55-56. Issued a check to the owner for a cash withdrawal			**55.**	**56.**
57-58. Received a note receivable in payment of a customer's account			**57.**	**58.**
59-60. Paid a cash refund to a customer for merchandise returned plus sales tax			**59.**	**60.**
61-62. Paid a note payable plus interest			**61.**	**62.**
63-64. Received cash for a note receivable plus interest			**63.**	**64.**
65-66. Received cash on account from a charge customer			**65.**	**66.**
67-68. Replenished petty cash: supplies and miscellaneous expense			**67.**	**68.**

Name _____ Date _____ Class _____

PROJECT 1, PART A, p. 41
[1, 8, 11]

PROCESSING BUSINESS DATA:
JOURNALS, LEDGERS, AND TRIAL BALANCE

GENERAL LEDGER

ACCOUNT Cash ACCOUNT NO. 111

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			296505	

ACCOUNT Petty Cash ACCOUNT NO. 112

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			20000	

ACCOUNT Accounts Receivable ACCOUNT NO. 113

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			63647	

ACCOUNT Allowance for Uncollectible Accounts ACCOUNT NO. 113.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				1873

GENERAL LEDGER

ACCOUNT Notes Receivable ACCOUNT NO. 114

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			55000	

ACCOUNT Merchandise Inventory ACCOUNT NO. 115

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Jan. 1	Balance	✓			26 29200	

ACCOUNT Supplies ACCOUNT NO. 116

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			72198	

ACCOUNT Prepaid Insurance ACCOUNT NO. 117

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			78400	

ACCOUNT Interest Receivable ACCOUNT NO. 118

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT Store Equipment ACCOUNT NO. 131

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			510000	

ACCOUNT Accum. Depreciation — Store Equip. ACCOUNT NO. 131.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				34300

ACCOUNT Accounts Payable ACCOUNT NO. 211

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				401573

ACCOUNT Notes Payable ACCOUNT NO. 212

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				30000

ACCOUNT Employees Income Tax Payable - Federal ACCOUNT NO. 213

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				6720

GENERAL LEDGER

ACCOUNT FICA Tax Payable ACCOUNT NO. 214

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				3465

ACCOUNT Unemployment Tax Payable - Federal ACCOUNT NO. 215

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				578

ACCOUNT Unemployment Tax Payable - State ACCOUNT NO. 216

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				3119

ACCOUNT Sales Tax Payable ACCOUNT NO. 217

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓				29058

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT *Interest Payable* ACCOUNT NO. *218*

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT *Lori Del Bianco, Capital* ACCOUNT NO. *311*

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Jan 1	Balance	✓				26936 27

ACCOUNT *Lori Del Bianco, Drawing* ACCOUNT NO. *312*

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			590000	

ACCOUNT *Income Summary* ACCOUNT NO. *313*

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

GENERAL LEDGER

ACCOUNT Sales ACCOUNT NO. 411

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec.	1	Balance	✓				697 41 46

ACCOUNT Sales Returns and Allowances ACCOUNT NO. 411.1

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec.	1	Balance	✓			912 90	

ACCOUNT Purchases ACCOUNT NO. 511

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec.	1	Balance	✓			381 77 62	

ACCOUNT Purchases Returns and Allowances ACCOUNT NO. 511.1

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec.	1	Balance	✓				915 32

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT *Bad Debts Expense* ACCOUNT NO. *611*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT *Depreciation Expense-Store Equipment* ACCOUNT NO. *612*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT *Insurance Expense* ACCOUNT NO. *613*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT *Miscellaneous Expense* ACCOUNT NO. *614*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			83 62	

GENERAL LEDGER

ACCOUNT Payroll Taxes Expense ACCOUNT NO. 615

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			136827	

ACCOUNT Rent Expense ACCOUNT NO. 616

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			440000	

ACCOUNT Salary Expense ACCOUNT NO. 617

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec. 1	Balance	✓			1386000	

ACCOUNT Supplies Expense ACCOUNT NO. 618

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT Interest Income ACCOUNT NO. 711

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec.	1	Balance	✓				11 00

ACCOUNT Interest Expense ACCOUNT NO. 811

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Dec.	1	Balance	✓			6 00	

ACCOUNTS RECEIVABLE LEDGER

[2, 4, 9]

NAME Sarah Billings

ADDRESS 3132 Stine Road, Camden, NJ 08104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- Dec.	1	Balance	✓			51 50

NAME Eva Browning

ADDRESS 3761 Sutton Road, Camden, NJ 08104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- Dec.	1	Balance	✓			141 80

ACCOUNTS RECEIVABLE LEDGER

NAME Edgar Cziraky
ADDRESS 4229 Windway Drive, Camden, NJ 08105

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
'9-- Dec. 1	Balance	✓			4200

NAME Eli Epstein
ADDRESS 214 Downing Place, Camden, NJ 08103

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE

NAME Ramona Lopez
ADDRESS 620 Popular Street, Camden, NJ 08104

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
'9-- Dec. 1	Balance	✓			11945

NAME Roman Lopez
ADDRESS 6924 Wilson Avenue, Camden NJ 08103

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
'9-- Dec. 1	Balance	✓			7435

Name _____ Date _____ Class _____

[2, 4, 9]

ACCOUNTS RECEIVABLE LEDGER

NAME Goldie Masters

ADDRESS 5721 Hilton Street, Camden, NJ 08105

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- Dec. 1	Balance	✓			20737

NAME Paul Richardson

ADDRESS 4907 Wentworth Street, Camden, NJ 08105

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE

ACCOUNTS PAYABLE LEDGER

[3, 4, 10]

NAME Booker Press, Inc.

ADDRESS 611 Amsterdam Avenue, New York, NY 10024

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- Dec. 1	Balance	✓			89300

NAME Dennison Supply Co.

ADDRESS 694 Everest Street, Camden, NJ 08102

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- Dec. 1	Balance	✓			18400

ACCOUNTS PAYABLE LEDGER

NAME Eastman Press
ADDRESS 719 West 5th Street, New Rochelle, NY 10802

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- Dec. 1	Balance	✓			71800

NAME Holmes Publishing Co.
ADDRESS 6949 Elton Drive, Chicago, IL 60644

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- Dec. 1	Balance	✓			1451 73

NAME Peterson Books
ADDRESS 57 Union Square West, New York, NY 10003

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE

NAME Sutton's, Inc.
ADDRESS 2494 London Road, New Rochelle, NY 10804

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- Dec. 1	Balance	✓			76900

Name _____ Date _____ Class _____

PROJECT 1, PART A, continued
[4, 5, 7, 8]

SALES JOURNAL

PAGE

	DATE		ACCOUNT DEBITED	SALE NO.	POST. REF.	1 ACCOUNTS RECEIVABLE DEBIT	2 SALES TAX PAYABLE CREDIT	3 SALES CREDIT	
1	1990 Dec	5	Eli Epstein	190		2512	120	2392	1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
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28									28
29									29
30									30
31									31
32									32

PURCHASES JOURNAL

PAGE

	DATE		ACCOUNT CREDITED	PURCH. NO.	POST. REF.	PURCHASES. ACCTS. PAY. DR. CR.	
1	1990 Dec	6	Peterson Books	213		963 —	1
2							2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
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26							26
27							27
28							28
29							29
30							30

Name _____ Date _____ Class _____

PROJECT 1, PART A, continued
[4, 5, 7, 8]

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1		1000—	1990 Dec 3	Cash		1000—		1
2				Mr Del Bosco capital		1000—		2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
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28								28
29								29
30								30
31								31
32								32

[4-8]

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	REC. NO.	POST. REF.	1 GENERAL DEBIT	2 GENERAL CREDIT	3 SALES CREDIT	4 SALES TAX PAYABLE CREDIT	5 ACCOUNTS RECEIVABLE CREDIT	6 CASH DEBIT	
1	1990 Dec	1	Balance on Hand 2965.05	✓								1
2		2	Edgar Cheraby	199						42—	42—	2
3		6	Goldie Masters	201						207 37	207 37	3
4		7	✓	T7	✓			1059 52	52 98		1059 52	4
5												5
6												6
7												7
8												8
9												9
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15												15
16												16
17												17
18												18
19												19
20												20
21												21
22												22
23												23

[4-8] CASH PAYMENTS JOURNAL PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	CASH CREDIT (4)	
1	1990 Dec	2	Rent Expense	258		400 —			400 —	1
2		4	Holmes Publishing Co	259		1451 73			1451 73	2
3		5	Dennis Supply Corp	260		184 —			184 —	3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
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19										19
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22										22
23										23
24										24
25										25

Name _____ Date _____ Class _____

PROJECT 1, PART A, continued

[11]

Discount-Books
Work Sheet
For Year Ended December 31, 19--

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
1	Cash	111									1
2	Petty Cash	112									2
3	Accounts Receivable	113									3
4	Allow. for Uncoll. Accts.	113.1									4
5	Notes Receivable	114									5
6	Merchandise Inventory	115									6
7	Supplies	116									7
8	Prepaid Insurance	117									8
9	Interest Receivable	118									9
10	Store Equipment	131									10
11	Accum. Depr.-Store Equip.	131.1									11
12	Accounts Payable	211									12
13	Notes Payable	212									13
14	Employees Inc. Tax Pay.-Fed.	213									14
15	FICA Tax Payable	214									15
16	Unempl. Tax Pay.-Federal	215									16
17	Unempl. Tax Pay.-State	216									17
18	Sales Tax Payable	217									18
19	Interest Payable	218									19
20	Lori Del Bianco, Capital	311									20
21	Lori Del Bianco, Drawing	312									21
22	Income Summary	313									22
23	Sales	411									23
24	Sales Returns and Allow.	411.1									24
25	Purchases	511									25

Name _____ Date _____ Class _____

PROJECT 1, PART A, continued

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
26	Purchases Ret. & Allow.	511.1									26
27	Bad Debts Expense	611									27
28	Depr. Exp. - Store Equip.	612									28
29	Insurance Expense	613									29
30	Miscellaneous Expense	614									30
31	Payroll Taxes Expense	615									31
32	Rent Expense	616									32
33	Salary Expense	617									33
34	Supplies Expense	618									34
35	Interest Income	711									35
36	Interest Expense	811									36
37											37
38											38
39											39
40											40
41											41
42											42
43											43
44											44
45											45
46											46
47											47
48											48
49											49
50											50

[6] *Cash Proof:*

1. Cash balance, December 1, 19-- ..... $_____
2. Plus cash received, December 1–31, 19-- ..... _____
3. Total of beginning balance and cash received ..... $_____
4. Minus cash paid, December 1–31, 19-- ..... _____
5. Cash on hand, December 31, 19-- ..... $_____
6. Cash balance according to checkbook ..... $_____

[9]

[10]

Perfect Score . 54

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 3

Unit A — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statements in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — accounting cycle
B — adjusting entries
C — balance sheet
D — capital statement
E — closing entry
F — fiscal period
G — income statement
H — post-closing trial balance
I — work sheet

Column II

	Answers	For Scoring
0. The complete series of activities involved in double-entry accounting for a fiscal period	A	0. ✓
1. An analysis paper on which the financial condition of a business is conveniently summarized		1.
2. A report showing the revenue, costs, expenses, and the net income or net loss for a fiscal period		2.
3. A report that summarizes the changes in the owner's capital account since the beginning of the fiscal period		3.
4. A report showing what is owned (assets), what is owed (liabilities), and what a business is worth (capital) on a specific date		4.
5. Journal entries made to bring general ledger accounts up-to-date		5.
6. A journal entry that transfers a balance from one account to another		6.
7. A trial balance prepared after the adjusting and closing entries have been posted		7.
8. The length of time for which an analysis of business operations is made		8.

Unit B — Analyzing the Summarizing and Reporting Phases of Accounting

INSTRUCTIONS: Indicate if each statement is true or false by placing a check mark in one of the Answers columns.

	Answers True	Answers False	For Scoring
0. Accounts Receivable is credited in the adjusting entry to record the bad debts expense		✓	0. ✓
9. The balance of the merchandise inventory account in the Trial Balance Debit column of the work sheet is the value of the inventory at the beginning of a fiscal period			9.
10. The income summary account in the general ledger is used only at the end of a fiscal period			10.
11. The balance of the supplies account in the Trial Balance Debit column of a work sheet is the value of supplies on hand at the beginning of a fiscal period			11.
12. The value of unused insurance premiums at the end of a fiscal period is equal to the amount recorded as an adjustment in the insurance expense account			12.
13. The amount of net income is extended to the Balance Sheet Credit column of a work sheet to show an increase in the capital account			13.
14. The amounts appearing in the Trial Balance columns of a work sheet are obtained from subsidiary ledgers			14.
15. The balance of the owner's capital account is closed into the owner's drawing account			15.
16. A debit to Interest Expense in the Adjustments Debit column of a work sheet represents interest earned but not yet received			16.
17. The balance of merchandise inventory account is zero after the adjustment for beginning merchandise inventory has been journalized and posted			17.

Unit B — Continued

	Answers True	Answers False	For Scoring
18. The balance of the prepaid insurance account as shown in the Trial Balance Debit column of a work sheet represents the amount of insurance expense during a fiscal period			18.
19. Deductions from cost of merchandise available for sale appear on the credit side of the income summary account			19.
20. The balance of the income summary account is closed into the owner's drawing account			20.
21. The debit to Income Summary in the Income Statement Debit column of a work sheet is the amount of the beginning merchandise inventory			21.

Unit C — Work Sheet

INSTRUCTIONS: Place a check mark in the column or columns in which an amount appears for each account on a work sheet.

	Answers								For Scoring
	Trial Balance		Adjustments		Income Stmt.		Balance Sheet		
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
0. Cash	✓						✓		0. ✓
22. Petty Cash									22.
23. Accounts Receivable									23.
24. Allow. for Uncoll. Accts.									24.
25. Notes Receivable									25.
26. Merchandise Inventory									26.
27. Supplies									27.
28. Prepaid Insurance									28.
29. Interest Receivable									29.
30. Equipment									30.
31. Accum. Depr. — Equip.									31.
32. Accounts Payable									32.
33. Notes Payable									33.
34. Empl. Inc. Tax Pay. — Fed.									34.
35. FICA Tax Payable									35.
36. Unempl. Tax Pay. — Fed.									36.
37. Unempl. Tax Pay. — State									37.
38. Sales Tax Payable									38.
39. Interest Payable									39.
40. Jean Cziraky, Capital									40.
41. Jean Cziraky, Drawing									41.
42. Income Summary									42.
43. Sales									43.
44. Sales Ret. & Allow.									44.
45. Purchases									45.
46. Pur. Ret. & Allow.									46.
47. Bad Debts Expense									47.
48. Depr. Exp. — Equipment									48.
49. Insurance Expense									49.
50. Misc. Expense									50.
51. Payroll Taxes Expense									51.
52. Rent Expense									52.
53. Salary Expense									53.
54. Supplies Expense									54.

Name _____ Date _____ Class _____

REPORTING BUSINESS DATA: END-OF-FISCAL-PERIOD WORK [2]

The journals, ledgers, and trial balance prepared in Project 1, Part A are needed to complete Project 1, Part B.

Name _____ Date _____ Class _____

PROJECT 1, PART B, continued

[5]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
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8								8
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40								40

[3]

[7]

ACCOUNT TITLE	ACCT. NO.	DEBIT	CREDIT

Perfect Score . 38

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 4

Unit A — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — articles of partnership
B — goodwill
C — intangible asset
D — liquidation
E — mutual agency
F — partner
G — partnership
H — sole proprietorship

Column II

0. A business that is owned by one person .....
1. The process of selling assets, paying liabilities, and distributing the remaining cash to the owners of a business ..
2. The value of a business in excess of the total capital of the original owners .....
3. A written agreement that sets forth the various conditions under which a partnership is to operate .....
4. The right of all partners to contract for the partnership ...
5. Each member of a partnership .....
6. A form of business organization in which two or more persons operate as co-owners of a business .....

Answers	For Scoring
H	0. ✓
	1.
	2.
	3.
	4.
	5.
	6.

Unit B — Recording Selected Transactions for a Partnership

INSTRUCTIONS: For each of the transactions, decide which accounts are debited and which are credited. Print the identifying letter for the account titles in the Answers columns.

Account Titles: A — Cash
B — Goodwill
C — Partner C, Capital
D — Partner D, Capital
E — Partner E, Capital

Transactions:

0-0. Partner D invests additional cash in the partnership .....

7-8. Partners C and D sell new Partner E part of their interests in the business with no increase in the total capital .....

9-10. Partners C and D admit new Partner E with the partnership receiving cash from Partner E for the amount of new investment ...

11-12. Partner E is admitted into an existing partnership with Partners C and D with an interest greater than Partner E's cash investment. Record the entry for cash received by the business from new Partner E .....

13-14. Record the entry to adjust the capital accounts of Partners C and D and to grant an additional capital allowance to new Partner E admitted in Transaction 11-12 above .....

15-16. The total capital of an existing partnership of C and D is $76,000. New Partner E is to be admitted with a cash investment to the business of $40,000. Partner E is to receive a one-third interest in the partnership. Record the entry for cash received from new Partner E .....

17-18. Record the allowance for goodwill involved in Transaction 15-16 .

Answers		For Scoring	
Debit	Credit	Dr.	Cr.
A	*D*	0. ✓	0. ✓
		7.	8.
		9.	10.
		11.	12.
		13.	14.
		15.	16.
		17.	18.

Unit C — Analyzing Partnership Accounting Principles

INSTRUCTIONS: Determine if each statement below is true or false. Place a check mark in the Answers column to show your decision.

	Answers		For Scoring
	True	False	
0. A partnership agreement should be in writing	✓		0. ✓
19. A partner's personal assets may be used to pay the debts of a partnership			19.
20. The articles of partnership should state how net income or net loss is to be divided among the partners			20.
21. Each partner is an agent of the partnership			21.
22. A partnership may be formed by an oral agreement between two partners			22.
23. The articles of partnership should state the name and location of the partnership business			23.
24. Each partner can be held responsible for all the debts of a partnership			24.
25. The laws of most states require that a partnership agreement be prepared on a specific form furnished by the state			25.
26. The articles of partnership should state the length of time the partnership is to exist			26.
27. The articles of partnership should state the duties of each partner			27.
28. The withdrawal of a partner dissolves a partnership			28.
29. The admission of a new partner requires the approval of all existing partners			29.
30. There are usually two accounts for each partner in the capital section of a general ledger for a partnership			30.
31. When the owners of two existing sole proprietorships merge their separate businesses into a partnership, the data for the opening entries are taken from the income statements of the sole proprietorships			31.
32. A partnership may be terminated by the unanimous consent of all the partners			32.
33. The admission of a new partner ends the life of the existing partnership			33.
34. The balance of a partner's capital account at any time during a fiscal period represents the value of the partner's equity in the partnership			34.
35. When a new partner is admitted to an existing partnership without an increase in the partnership capital, the amount of cash paid by the new partner is recorded in the partnership cash account			35.
36. When the existing partners sell an interest to a new partner without increasing the total investment in the partnership, no entry is required on the partnership records			36.
37. The admission of a new partner to an existing partnership requires that a new partnership agreement be made			37.
38. When a new partner is admitted to an existing partnership, a new set of books is prepared			38.

Name _____ Date _____ Class _____

PROBLEM 4-1, p. 77
[1, 2]

Forming a partnership; assets and liabilities invested by one partner, and only cash invested by another partner

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
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22								22
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24								24
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26								26
27								27
28								28
29								29
30								30
31								31
32								32

Admission of a new partner with no increase in partnership capital

PROBLEM 4-2, p. 78

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8

Admission of a partner by investment

PROBLEM 4-3, p. 78

CASH RECEIPTS JOURNAL

PAGE

					1	2	3	4	5	6	
	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	GENERAL CREDIT	SALES CREDIT	SALES TAX PAYABLE CREDIT	ACCOUNTS RECEIVABLE CREDIT	CASH DEBIT	
1											1
2											2
3											3
4											4
5											5
6											6

Admission of a partner with an interest greater than investment made [1]

Name _____ Date _____ Class _____

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	SALES TAX PAYABLE CREDIT (4)	ACCOUNTS RECEIVABLE CREDIT (5)	CASH DEBIT (6)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8

[2]

GENERAL JOURNAL

PAGE

	ACCOUNTS PAYABLE DEBIT (1)	GENERAL DEBIT (2)	DATE	ACCOUNT TITLE	Post. Ref.	GENERAL CREDIT (3)	ACCOUNTS RECEIV. CREDIT (4)	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8

Admission of a partner with an allowance for goodwill to the other partners

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8

CASH RECEIPTS JOURNAL

PAGE

					1	2	3	4	5	6	
	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	GENERAL CREDIT	SALES CREDIT	SALES TAX PAYABLE CREDIT	ACCOUNTS RECEIVABLE CREDIT	CASH DEBIT	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8

Name _____ Date _____ Class _____

MASTERY PROBLEM 4-M, p. 79
[1, 2]

Opening entries for a merger of two sole proprietorships into a partnership

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
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31								31
32								32

Liquidating a partnership [1]

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	SALES TAX PAYABLE CREDIT (4)	ACCOUNTS RECEIVABLE CREDIT (5)	CASH DEBIT (6)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8

[2, 3]

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	CASH CREDIT (4)	
1										1
2										2
3										3
4										4
5										5
6										6

BONUS PROBLEM 4-B, p. 80

Perfect Score . 45

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 5

Unit A — Analyzing Partnership Earnings

INSTRUCTIONS: Determine if each statement below is true or false. Place a check mark in the Answers column to indicate your decision.

	Answers True	Answers False	For Scoring
0. Differences in the ability of each partner may be recognized by allowing salaries to one or more of the partners	✓		0. ✓
1. If the articles of partnership include no provision for the division of net loss, it is assumed that the net loss is divided equally			1.
2. A net loss of a partnership may be divided among the partners according to the ratio of capital investments to total capital			2.
3. The income summary account of a partnership is closed into the partners' drawing accounts			3.
4. A financial statement that shows in detail the distribution of net income or net loss to each partner is called a distribution of net income statement			4.
5. A well-planned partnership should have a clear agreement about the arrangements for sharing net income or net loss			5.
6. When interest is allowed on investments, the interest should not be allowed when there is a net loss			6.
7. If the investments of partners are not equal, the partners may allow interest on each partner's investment			7.
8. Net income of a partnership may be divided among the partners according to a fixed ratio stated in the partnership agreement			8.
9. If the partnership agreement provides for partners' salaries, the salaries are recorded whether there is a net income or a net loss			9.
10. Partners' salaries are sometimes recorded as an expense of the partnership			10.
11. Partners' salaries are sometimes recorded as withdrawals			11.
12. If the articles of partnership make no provision for the division of net income, the division is based on the partners' total investment in the business			12.
13. Differences in the time devoted to the business by each partner may be recognized by allowing each partner a different salary			13.
14. When interest is allowed on investments, a separate closing entry is made to record the interest			14.
15. If a partner's drawing account is debited and Cash is credited for a partner's salary, this transaction reduces the net income for the fiscal period			15.
16. Net loss of a partnership may be divided among the partners according to a fixed fractional basis			16.
17. Differences in the experience of partners may be recognized by allowing each partner a different salary			17.
18. The Internal Revenue Service has ruled that partners' salaries are not expenses of the business for income tax purposes			18.
19. The distribution of net income statement may show a total net loss			19.

Unit B — Analyzing Transactions to Distribute Partnership Earnings

INSTRUCTIONS: For each of the situations given below, analyze the transactions into the debit and credit parts. Using the list of accounts given, print in the Answers columns the identifying letters for each account debited and credited.

Account titles: **A** — Partner A, Capital
B — Partner B, Capital
C — Partner C, Capital
D — Income Summary

Situations / Descriptions	Answers: Debit	Answers: Credit	For Scoring: Dr.	For Scoring: Cr.
a. *Net income divided equally among Partners A and B.*				
0-0. Entry to record net income	*D*	*A, B*	0. ✓	0. ✓
20-21. Entry to record net loss			**20.**	**21.**
b. *Net income divided on fractional basis of 1/3 to Partner A and 2/3 to Partner B.*				
22-23. Entry to record net income			**22.**	**23.**
24-25. Entry to record net loss			**24.**	**25.**
c. *Net income divided according to investments of Partners A, B, and C.*				
26-27. Entry to record net income			**26.**	**27.**
28-29. Entry to record net loss			**28.**	**29.**

Unit C — Figuring Distribution of Net Income or Net Loss

INSTRUCTIONS: Partner A's capital is $20,000; Partner B's capital is $60,000; the net income for the fiscal period is $5,000. For each situation described below, figure the total amount of the net income due to each partner. Write the amounts in the Answers columns.

Situations	Answers: Partner A	Answers: Partner B	For Scoring: A	For Scoring: B
0-0. Net income is divided equally	*$2,500*	*$2,500*	0. ✓	0. ✓
30-31. Interest of 2% allowed each partner and remainder divided equally			**30.**	**31.**
32-33. Salaries: Partner A, $1,000; Partner B, $2,000; remainder divided equally			**32.**	**33.**
34-35. Partner A receives 2/5 and Partner B receives 3/5 of net income			**34.**	**35.**
36-37. Partner A receives 1% interest plus a salary of $2,000; Partner B receives 1% interest plus a salary of $3,000; remainder is divided equally			**36.**	**37.**
38-39. Net income is divided according to investments of each partner			**38.**	**39.**
40-41. Each partner receives 2% interest and the remainder is divided according to partners' investments			**40.**	**41.**
42-43. Partner A receives a salary of $1,000 and the remainder is divided according to partners' investments			**42.**	**43.**
44-45. Partner A receives a salary of $3,000; Partner B receives a salary of $4,000, and the remainder is divided according to partners' investments			**44.**	**45.**

Name _____ Date _____ Class _____

PROBLEM 5-1, p. 89
[1, 2]

Recording division of net income and net loss according to ratio of capital investments

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
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29								29
30								30
31								31
32								32

Recording and reporting the division of net income when interest is allowed on capital

PROBLEM 5-2, p. 90

[1]

[2]

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12

Name _____ Date _____ Class _____

PROBLEM 5-3, p. 90

Net income less than interest on investments

[1]

[2]

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12

Recording the division of net income allowing salaries to partners

PROBLEM 5-4, p. 91

[1]

[2]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12

Name _____ Date _____ Class _____

MASTERY PROBLEM 5-M, p. 91

[1]

Recording the distribution of net income by a combination of methods

[2]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12

Net income less than allowances for interest and salaries

BONUS PROBLEM 5-B, p. 91

[1]

[2]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12

Perfect Score . 53

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 6

Unit A — Analyzing End-of-Fiscal-Period Work for a Partnership

INSTRUCTIONS: Determine if each of the following statements is true or false. Place a check mark in the Answers column to show your decision.

	Answers True	Answers False	For Scoring
0. The amount of net income is written in the Income Statement Credit column of a work sheet		✓	0. ✓
1. Procedures for preparing a work sheet for a partnership are much the same as those for a sole proprietorship			1.
2. The costs of retirement programs for partners are an expense of the partnership			2.
3. The account Payroll Taxes Expense is listed on the income statement under the section titled Administrative Expenses			3.
4. The distribution of net income statement shows in detail all changes occurring in the capital account of each partner since the date of the previous balance sheet			4.
5. The amount of the net loss is written in the Balance Sheet Debit column on a work sheet for a partnership			5.
6. In a partnership, a trial balance is prepared for each partner's general ledger accounts			6.
7. On a partnership income statement, the difference between Gross Profit on Operations and the Total Operating Expenses is known as Income from Operations			7.
8. If Other Revenue is greater than Other Expenses on a partnership income statement, the difference is subtracted from Income from Operations			8.
9. Only one closing entry is made to close Income Summary and record the net income or net loss in the partners' capital accounts			9.
10. The amount of each partner's withdrawals appears in the Balance Sheet Credit column of a work sheet for a partnership			10.
11. The information used in preparing the capital section of a balance sheet is found on the partnership income statement			11.
12. The balances of the partners' drawing accounts are closed into the partners' capital accounts			12.
13. After all the closing entries are posted, each partner's capital account shows the present capital of that partner			13.
14. After all the closing entries are posted, each partner's capital account shows the same balance as the amount listed for that partner on the capital statement			14.
15. As business units, partnerships pay federal income taxes			15.
16. If a partner fails to withdraw all of the share of net income, the partner pays federal income tax on the amount not withdrawn			16.
17. The amount of income tax paid by each partner on the share of the partnership net income is shown on the partnership records as a business expense			17.

Unit B — Analyzing a Work Sheet for a Partnership

INSTRUCTIONS: For each account listed below, place a check mark in the Answers columns where an amount will appear for that account on a work sheet for a partnership.

Account Titles	Answers								For Scoring
	Trial Balance		Adjustments		Income Statement		Balance Sheet		
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	
0. Accounts Payable		✓						✓	0. ✓
18. Accounts Receivable									18.
19. Accumulated Depr. — Equip.									19.
20. Advertising Expense									20.
21. Allow. for Uncoll. Accts.									21.
22. Bad Debts Expense									22.
23. Cash									23.
24. Delivery Expense									24.
25. Depr. Expense — Equip.									25.
26. Employees Income Tax Pay.									26.
27. Equipment									27.
28. FICA Tax Payable									28.
29. Income Summary									29.
30. Insurance Expense									30.
31. Interest Income									31.
32. Interest Payable									32.
33. Interest Receivable									33.
34. Lois Burdett, Capital									34.
35. Lois Burdett, Drawing									35.
36. Merchandise Inventory									36.
37. Miscellaneous Expense — Admin.									37.
38. Miscellaneous Expense — Sales									38.
39. Nancy Dubchek, Capital									39.
40. Nancy Dubchek, Drawing									40.
41. Notes Payable									41.
42. Notes Receivable									42.
43. Salary Expense — Admin.									43.
44. Payroll Taxes Expense									44.
45. Petty Cash									45.
46. Prepaid Insurance									46.
47. Purchases									47.
48. Purchases Returns & Allow.									48.
49. Sales									49.
50. Sales Returns & Allow.									50.
51. Salary Expense — Sales									51.
52. Unempl. Tax Pay. — Fed.									52.
53. Unempl. Tax Pay. — State									53.

Name _____ Date _____ Class _____

PROBLEM 6-1, p. 103

Doyle and Beezer

Work Sheet

For Year Ended December 31, 19--

	ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE DEBIT	TRIAL BALANCE CREDIT	ADJUSTMENTS DEBIT	ADJUSTMENTS CREDIT	INCOME STATEMENT DEBIT	INCOME STATEMENT CREDIT	BALANCE SHEET DEBIT	BALANCE SHEET CREDIT	
			1	2	3	4	5	6	7	8	
1	Cash	1101	1798623								1
2	Petty Cash	1102	25000								2
3	Notes Receivable	1103	170000								3
4	Accounts Receivable	1104	1729172								4
5	Allow. for Uncoll. Accts.	1104.1		27154							5
6	Merchandise Inventory	1105	7445703								6
7	Supplies	1106	212175								7
8	Prepaid Insurance	1107	398682								8
9	Interest Receivable	1108									9
10	Equipment	1201	1301973								10
11	Accum. Depr.-Equipment	1201.1		273414							11
12	Notes Payable	2101		920000							12
13	Accounts Payable	2102		1622480							13
14	Emp. Inc. Tax Pay.-Fed.	2103		13800							14
15	FICA Tax Payable	2104		41400							15
16	Unemployment Tax Pay.-Fed.	2105		1725							16
17	Unempl. Tax Pay.-State	2106		9315							17
18	Interest Payable	2107									18
19	Patti Doyle, Capital	3101		6592853							19
20	Patti Doyle, Drawing	3102	960000								20
21	Don Beezer, Capital	3201		3955712							21
22	Don Beezer, Drawing	3202	820000								22
23	Income Summary	3901									23
24	Sales	4001		49254803							24
25	Sales Returns & Allowances	4001.1	226315								25

Continue this work sheet on the next page.

[1]

(continued)

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
26	Purchases	5001	36095182								26
27	Purchases Returns & Allow	5001.1		275023							27
28	Advertising Expense	6101	294442								28
29	Bad Debts Expense	6102									29
30	Delivery Expense	6103	674395								30
31	Depr. Expense–Equipment	6104									31
32	Insurance Expense	6105									32
33	Miscellaneous Expense	6106	451165								33
34	Payroll Taxes Expense	6107	761760								34
35	Rent Expense	6108	1320000								35
36	Salary Expense	6109	8280000								36
37	Supplies Expense	6110									37
38	Interest Income	7001		13800							38
39	Interest Expense	8001	36892								39
40			63001479	63001479							40
41											41
42											42
43											43
44											44
45											45
46											46
47											47
48											48
49											49
50											50

Name _____ Date _____ Class _____

PROBLEM 6-1, continued

[2]

Name _____ Date _____ Class _____

PROBLEM 6-1, continued

[4]

Name _____ Date _____ Class _____

PROBLEM 6-1, continued
[6]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
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15								15
16								16
17								17
18								18
19								19
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21								21
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24								24
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26								26
27								27
28								28
29								29
30								30
31								31
32								32

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
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23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Perfect Score . 37

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 7

Unit A — Accounting for Departmental Purchases and Cash Payments

INSTRUCTIONS: For each of the following items, select the answer that best completes each sentence. Then print in the Answers column at the right the capital letter identifying your choice.

0. An example of a type of firm that commonly uses a departmental accounting system is a (A) book store (B) large retail store (C) men's clothing store .....
1. The source document for each entry in a departmental purchases journal is (A) a check stub (B) a check received (C) a purchase invoice .....
2. Each entry recorded in a departmental purchases journal requires a credit to (A) Accounts Payable (B) Purchases (C) Cash .....
3. Each entry recorded in a departmental purchases journal requires a debit to (A) Accounts Payable (B) Cash (C) Purchases .....
4. The details of each purchase invoice are recorded in the departmental purchases journal on (A) one line (B) two lines (C) two or more lines .....
5. For the business studied in Chapter 7, purchase invoices that have not been paid are placed in an unpaid invoices file (A) on a chronological basis (B) on an alphabetic basis (C) according to the date on which payment should be made .....
6. When transportation charges on purchases are paid by the buyer, they become part of the (A) cost of the merchandise (B) deductions from costs (C) expenses .....
7. Completion of posting to a creditor's account in the accounts payable ledger from a purchases journal is indicated by placing in the Post. Ref. column of the journal (A) an account number (B) a check mark (C) a page number .....
8. When the total of a column of the departmental purchases journal is posted to an account in the general ledger, the completion of posting of this total is shown by (A) writing the capitals *PJ* under the total (B) placing a check mark under the total (C) writing the appropriate account number in parentheses immediately under the total.
9. The amount of each debit memorandum is recorded in a departmental purchases returns and allowances journal in the (A) Purchases Returns and Allowances Debit column (B) Purchases Credit column (C) Accounts Payable Debit column .....
10. The individual amounts in the Accounts Payable Debit column of the purchases returns and allowances journal are posted (A) daily (B) weekly (C) monthly .....
11. After a debit memorandum has been recorded in a departmental purchases returns and allowances journal, the memorandum is attached to the purchase invoice to which it applies and both are filed in (A) a debit memorandum file (B) an unpaid invoices file (C) a paid invoices file .....
12. A balance in an account that is contrary to the kind of balance that the account normally has is called a (A) zero balance (B) debit balance (C) contra balance .....
13. The source document for each entry in a departmental cash payments journal is a (A) canceled check (B) check received (C) check stub .....
14. Completion of posting to an account in the general ledger from a departmental cash payments journal is indicated by placing in the Post. Ref. column of the journal (A) an account number (B) a check mark (C) a page number .....
15. The report that should be prepared each time the totals of the purchases journal, the purchases returns and allowances journal, and the cash payments journal have been posted is a (A) capital statement (B) schedule of accounts payable (C) schedule of accounts receivable .....
16. The entry to record a bank service charge requires a credit to (A) Cash (B) Petty Cash (C) Purchases Discount .....

Answers	For Scoring
B	0. ✓
	1.
	2.
	3.
	4.
	5.
	6.
	7.
	8.
	9.
	10.
	11.
	12.
	13.
	14.
	15.
	16.

Unit B — Examining Departmental Accounting Procedures

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers True	Answers False	For Scoring
0. A business with two or more departments has a need for accounting data that will show how profitable each department is	√		0. √
17. An accounting system that is organized to show the accounting data for two or more departments is called a departmental accounting system			17.
18. A departmental purchases journal should contain a Purchases Debit column for each department that exists			18.
19. The details of each purchase invoice are recorded on two lines in a departmental purchases journal			19.
20. Completion of posting to a creditor's account from a departmental purchases journal is indicated by writing an account number in the Post. Ref. column of the journal			20.
21. A check mark is placed in parentheses under the total of each amount column of the departmental purchases journal to show that the totals are not posted			21.
22. Freight-In is another name for the account Transportation on Purchases			22.
23. When a buyer returns merchandise for credit, the buyer issues a credit memorandum for the amount of the return			23.
24. A credit memorandum may be used as the source document for recording a transaction in a departmental purchases returns and allowances journal			24.
25. The balance of the account numbered 511.1 is an addition to the balance of the account numbered 511			25.
26. When typing amounts that are contra balances, typists draw circles around the contra balances			26.
27. An account that partially or wholly offsets another account is referred to as a contra account			27.
28. As each line of a departmental purchases journal is posted, a check mark is placed in the Post Ref. column of the journal			28.
29. The totals of the purchases returns and allowances columns of a departmental purchases returns and allowances journal are posted as debits			29.
30. Each amount in the Accounts Payable Debit column of a departmental purchases returns and allowances journal decreases the amount owed to the creditor named on the same line			30.
31. A check mark is placed below the total of the General Debit column of the departmental cash payments journal to show that the total has been posted to an account in a subsidiary ledger			31.
32. Individual amounts in the General Debit and General Credit columns of the cash payments journal are posted daily			32.
33. When a bank statement is sent to a depositor by a bank, the depositor's canceled checks are included with the statement			33.
34. The first entry in the column headed *BALANCE* on a bank statement is the balance that the depositor has in the checking account at the time the statement was mailed			34.
35. The last amount in the column headed *BALANCE* on a bank statement is the amount of the depositor's balance in the checking account on the first day of the period covered by the bank statement			35.
36. The process of bringing the bank balance and the check-stub balance into agreement is called reconciling the bank statement			36.
37. A depositor must deduct from the checkbook balance all bank charges listed on the bank statement			37.

Name _____ Date _____ Class _____

PROBLEM 7-1, p. 123

Recording purchases on account and purchases returns and allowances for a departmental business

[1, 2]

The journals prepared for this problem will be needed to complete Problem 7-2.

PURCHASES JOURNAL

PAGE

	DATE		ACCOUNT CREDITED	PURCH. NO.	POST. REF.	ACCOUNTS PAYABLE CREDIT (211)	PURCHASES DEBIT GROCERY (511)	PURCHASES DEBIT MEAT (512)	PURCHASES DEBIT PRODUCE (513)	
						1	2	3	4	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
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18										18
19										19
20										20
21										21
22										22
23										23
24										24
25										25
26										26
27										27
28										28
29										29
30										30

PURCHASES RETURNS AND ALLOWANCES JOURNAL

PAGE

	DATE	ACCOUNT DEBITED	DEBIT MEMO. NO.	POST. REF.	1 ACCOUNTS PAYABLE DEBIT (211)	2 PURCHASES RETURNS AND ALLOWANCES CREDIT GROCERY (511.1)	3 MEAT (512.1)	4 PRODUCE (513.1)	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
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21									21
22									22
23									23
24									24
25									25
26									26
27									27
28									28
29									29
30									30
31									31
32									32

Name _____ Date _____ Class _____

PROBLEM 7-2, p. 124

Posting the purchases records of a departmental business [1, 4]

The journals prepared in Problem 7-1 are needed to complete this problem.

GENERAL LEDGER

ACCOUNT Accounts Payable ACCOUNT NO. 211

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Purchases - Grocery ACCOUNT NO. 511

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Purchases Returns and Allow. - Grocery ACCOUNT NO. 511.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Purchases - Meat ACCOUNT NO. 512

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Purchases Returns and Allow. - Meat ACCOUNT NO. 512.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Purchases - Produce ACCOUNT NO. 513

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

GENERAL LEDGER [1–4]

ACCOUNT Purchases Returns and Allow.- Produce ACCOUNT NO. 513.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNTS PAYABLE LEDGER [2, 3]

NAME Bristol Grocery Company
ADDRESS 386 Bryden Avenue, Denver, CO 80214

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE

NAME De Camp Wholesale
ADDRESS 4122 Beach Street, Boulder, CO 80302

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE

NAME Lucero's Supply
ADDRESS 6255 Pickard Lane, Denver, CO 80214

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE

NAME Valle Farms, Inc.
ADDRESS 228 Andre Circle, Greeley, CO 80631

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE

Recording cash payments of a departmental business [1–3]

Name _____ Date _____ Class _____

PROBLEM 7-3, p. 124

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (211) (3)	PURCHASES DISCOUNT WOMEN'S SHOES CR. (511.2) (4)	PURCHASES DISCOUNT MEN'S SHOES CR. (512.2) (5)	CASH CREDIT (111) (6)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
10												10
11												11
12												12
13												13
14												14
15												15
16												16
17												17
18												18
19												19
20												20
21												21
22												22

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (211) (3)	PURCHASES DISCOUNT WOMEN'S SHOES CR. (511.2) (4)	PURCHASES DISCOUNT MEN'S SHOES CR. (512.2) (5)	CASH CREDIT (111) (6)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
10												10
11												11
12												12
13												13
14												14
15												15
16												16
17												17
18												18
19												19
20												20
21												21
22												22
23												23
24												24
25												25

Extra form

Name _____ Date _____ Class _____

PROBLEM 7-4, p. 125

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (211) (3)	PURCHASES DISCOUNT CREDIT (4)	CASH CREDIT (111) (5)	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22

RECONCILIATION OF BANK STATEMENT

1. Enter CHECKBOOK BALANCE as shown on check stub.
2. Enter and add bank charges to obtain TOTAL BANK CHARGES.
3. Deduct TOTAL BANK CHARGES from CHECKBOOK BALANCE to obtain ADJUSTED CHECKBOOK BALANCE.
4. Enter BANK BALANCE as shown on bank statement.
5. Enter and add the amounts of any outstanding deposits recorded on the check stubs but not listed on the bank statement to obtain TOTAL OUTSTANDING DEPOSITS.
6. Add TOTAL OUTSTANDING DEPOSITS to BANK BALANCE to obtain TOTAL.
7. Sort all checks included in the statement numerically or by date issued.
   a. Check off on the check stubs of the checkbook each of the checks paid by the bank.
   b. Enter the check numbers and amounts of checks still outstanding.
   c. Add the outstanding checks to obtain TOTAL OUTSTANDING CHECKS.
8. Deduct TOTAL OUTSTANDING CHECKS from TOTAL to obtain ADJUSTED BANK BALANCE.
9. The ADJUSTED CHECKBOOK BALANCE and the ADJUSTED BANK BALANCE should agree, proving that both the checkbook balance and the bank balance are correct.

(1) CHECKBOOK BALANCE . . . . . $ _____

DEDUCT BANK CHARGES

Description	Amount	
Service Charge		

(2) TOTAL BANK CHARGES . . . . . _____

(3) ADJUSTED CHECKBOOK BALANCE . $ _____

(4) BANK BALANCE . . . . . $ _____

OUTSTANDING DEPOSITS

Date	Amount	

(5) TOTAL OUTSTANDING DEPOSITS . _____

(6) TOTAL . . . . . $ _____

OUTSTANDING CHECKS

CK. NO.	Amount	

(7) TOTAL OUTSTANDING CHECKS . . . _____

(8) ADJUSTED BANK BALANCE . . . . $ _____

Name _____ Date _____ Class _____

MASTERY PROBLEM 7-M, p. 126

Recording purchases and cash payments of a departmental business

[1–3]

PURCHASES JOURNAL

PAGE

	DATE		ACCOUNT CREDITED	PURCH. NO.	POST. REF.	ACCOUNTS PAYABLE CREDIT (211)	PURCHASES DEBIT FURNITURE (511)	PURCHASES DEBIT APPLIANCES (512)	
						1	2	3	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
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23									23
24									24
25									25
26									26
27									27
28									28
29									29
30									30

[1–3]

CASH PAYMENTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	CK. NO.	POST. REF.	1 GENERAL DEBIT	2 GENERAL CREDIT	3 ACCOUNTS PAYABLE DEBIT (211)	4 PURCHASES DISCOUNT FURNITURE CR. (511.2)	5 PURCHASES DISCOUNT APPLIANCES CR. (512.2)	6 CASH CREDIT (111)	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
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14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22

MASTERY PROBLEM 7-M, concluded

Name _____ Date _____ Class _____

BONUS PROBLEM 7-B, p. 127

Recording purchases at net amount and using the account Discounts Lost

[1–3]

PURCHASES JOURNAL

PAGE

	DATE		ACCOUNT CREDITED	PURCH. NO.	POST. REF.	1 ACCOUNTS PAYABLE CREDIT (211)	2 PURCHASES DEBIT FURNITURE (511)	3 PURCHASES DEBIT APPLIANCES (512)	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
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23									23
24									24
25									25
26									26
27									27
28									28
29									29
30									30

[1–3]

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	CASH CREDIT (4)	
1										1
2										2
3										3
4										4
5										5
6										6
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15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22

BONUS PROBLEM 7-B, concluded

Perfect Score . 36

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 8

Unit A — Accounting for Departmental Sales and Cash Receipts

INSTRUCTIONS: After each statement given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers True	Answers False	For Scoring
0. The gross profit for each department can be determined when accounting records are kept for each of the departments	√		0. √
1. Departmental sales, departmental inventory, and departmental purchases must be recorded in order to determine the gross profit for each department of a business			1.
2. In the business described in Chapter 8, a departmental sales invoice is prepared in triplicate			2.
3. The details of each sales invoice are recorded on one line of a departmental sales journal			3.
4. Each entry in a departmental sales journal is posted separately as a debit to the appropriate customer's account			4.
5. After posting each line of a departmental sales journal, an account number is commonly written in the Post. Ref. column of the journal			5.
6. The seller prepares a debit memorandum for a sales return or a sales allowance			6.
7. In the business described in Chapter 8, a special departmental sales returns and allowances journal with separate columns for each department is maintained for the recording of sales returns and allowances			7.
8. The letters COD mean collect on delivery or cash on delivery			8.
9. A departmental cash receipts journal contains a Cash Debit column for each department that exists in the business			9.
10. Both the debit part and the credit part of a cash sales transaction are recorded in special amount columns in a departmental cash receipts journal			10.
11. Each amount in the General Credit column of a departmental cash receipts journal is posted to an account in the general ledger			11.
12. After each amount in the General Credit column of a departmental cash receipts journal has been posted, a check mark is placed in the Post. Ref. column of the journal			12.
13. Each amount in the Accounts Receivable Credit column of a departmental cash receipts journal is posted individually to the accounts receivable ledger			13.
14. Each amount in the Sales Credit columns of a departmental cash receipts journal is posted daily to the appropriate account in the general ledger			14.
15. Each amount in the Cash Debit column of a departmental cash receipts journal is posted separately to the debit side of the cash account			15.
16. The total of the General Credit column of a departmental cash receipts journal is posted to an account in the general ledger			16.
17. After all posting is completed, an account number is placed in parentheses below the total of the General Credit column of a departmental cash receipts journal			17.
18. After the total of the Accounts Receivable Credit column of a departmental cash receipts journal has been posted, an account number is placed in parentheses below the total			18.
19. The total of each of the Sales Credit columns of a departmental cash receipts journal is posted to an account in the general ledger			19.
20. At the end of the month, the total of the Cash column of a departmental cash receipts journal is posted as a credit to the cash account			20.

Unit B — Examining Departmental Accounting for Sales and Cash Receipts

INSTRUCTIONS: For each of the following items, select the answer that best completes each sentence. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. The source document for recording a transaction in a departmental sales journal is (A) a cash register tape (B) a sales invoice (C) an adding machine tape	*B*	0. ✓
21. When a transaction is recorded in a departmental sales journal, the account debited is (A) Accounts Receivable (B) Accounts Payable (C) the appropriate departmental sales account		21.
22. When the cost of delivery service is charged to Accounts Receivable and to the account of the customer buying the merchandise, the amount of the charge is credited to (A) Accounts Payable (B) the appropriate departmental sales account (C) Transportation on Sales		22.
23. Each amount in the Accounts Receivable Debit column of a departmental sales journal is (A) posted at the end of the fiscal period (B) posted daily (C) not posted		23.
24. Completion of posting to an individual customer's account is indicated by placing in the Post. Ref. column of a departmental sales journal (A) a check mark (B) a page number (C) an account number		24.
25. Each amount in the Accounts Receivable Debit column of a departmental sales journal is posted as a debit to a (A) customer's account (B) creditor's account (C) controlling account		25.
26. Each amount in the Accounts Receivable Debit column of a departmental sales journal is posted to an account in the (A) accounts payable ledger (B) general ledger (C) accounts receivable ledger ..		26.
27. When the total of any column of a departmental sales journal is posted, the completion of posting is shown by (A) placing a check mark under the total (B) writing an account number under the total (C) writing a capital *S* under the total		27.
28. The account credited when a customer returns merchandise or is granted an allowance is (A) Accounts Receivable (B) the appropriate departmental sales account (C) Purchases Returns and Allowances		28.
29. When the total of any column of a departmental sales returns and allowances journal is posted, the completion of posting is shown by (A) writing the capitals *SR* under the total (B) placing a check mark under the total (C) writing an account number under the total		29.
30. The source document for recording cash sales in a departmental cash receipts journal is (A) a cash register tape (B) an adding machine tape (C) a sales invoice		30.
31. An entry to record information that is not to be posted is called (A) a memorandum entry (B) a closing entry (C) an opening entry		31.
32. The balance of the cash account at the beginning of each month is entered in a departmental cash receipts journal in the (A) Account Title column (B) Cash Debit column (C) General Credit column ...		32.
33. A business that keeps its records on a departmental basis should provide special columns in its cash receipts journal for recording by departments all (A) accounts receivable (B) cash purchases (C) cash sales		33.
34. The amount of cash received from a customer on account is recorded in the Cash Debit column of a departmental cash receipts journal and in (A) the General Credit column (B) the Accounts Receivable Credit column (C) one of the Sales Credit columns ...		34.
35. Entries to record cash receipts for revenue from miscellaneous sources should be recorded in the Cash Debit column of the departmental cash receipts journal and in (A) one of the Sales Credit columns (B) the Accounts Receivable Credit column (C) the General Credit column		35.
36. Each amount in the General Credit column of a departmental cash receipts journal is (A) posted at the end of the fiscal period (B) posted daily (C) not posted		36.

Recording sales on account and sales returns and allowances for a departmental business [1, 2]

The journals prepared in this problem will be needed to complete Problem 8-2.

SALES JOURNAL

PAGE

	DATE		ACCOUNT DEBITED	SALE No.	POST. REF.	1 ACCOUNTS RECEIVABLE DEBIT (113)	2 SALES TAX PAYABLE CREDIT (220)	3 SALES CREDIT HARDWARE (411)	4 SALES CREDIT PAINT (412)	5 SALES CREDIT WALLPAPER (413)	
1											1
2											2
3											3
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Name _____ Date _____ Class _____

PROBLEM 8-1, p. 137

[1, 3]

SALES RETURNS AND ALLOWANCES JOURNAL

PAGE

	DATE	ACCOUNT CREDITED	CREDIT MEMO. NO.	POST. REF.	1 ACCOUNTS RECEIVABLE CREDIT (113)	2 SALES TAX PAYABLE DEBIT (220)	3 SALES RETURNS AND ALLOWANCES DEBIT HARDWARE (411.1)	4 PAINT (412.1)	5 WALLPAPER (413.1)	
1										1
2										2
3										3
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21										21
22										22

PROBLEM 8-1, concluded

Name _____ Date _____ Class _____

PROBLEM 8-2, p. 138
[1, 4]

Posting the sales records of a departmental business

GENERAL LEDGER

ACCOUNT Accounts Receivable ACCOUNT NO. 113

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Sales Tax Payable ACCOUNT NO. 220

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Sales - Hardware ACCOUNT NO. 411

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Sales Returns and Allowances - Hardware ACCOUNT NO. 411.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

GENERAL LEDGER

ACCOUNT Sales - Paint ACCOUNT NO. 412

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Sales Returns and Allowances - Paint ACCOUNT NO. 412.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Sales - Wallpaper ACCOUNT NO. 413

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Sales Returns and Allowances - Wallpaper ACCOUNT NO. 413.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

Name _____ Date _____ Class _____

PROBLEM 8-2, concluded
[2, 3]

ACCOUNTS RECEIVABLE LEDGER

NAME Cindy Acker
ADDRESS 286 7th Avenue South, Denver, CO 80212

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	DEBIT BALANCE

NAME Stanley Evans
ADDRESS 3339 Jefferson Street, Boulder, CO 80302

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	DEBIT BALANCE

NAME Bertha Perez
ADDRESS 3862 Cedar Avenue, Denver, CO 80211

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	DEBIT BALANCE

NAME Jose Sotela
ADDRESS 5137 Madison Avenue, Greeley, CO 80631

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	DEBIT BALANCE

Recording cash receipts transactions in a departmental cash receipts journal [1–3]

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	1 GENERAL CREDIT	2 ACCOUNTS RECEIVABLE CREDIT (113)	3 SALES TAX PAYABLE CREDIT (220)	4 SALES CREDIT GROCERY (411)	5 SALES CREDIT MEAT (412)	6 SALES CREDIT PRODUCE (413)	7 CASH DEBIT (111)	
1													1
2													2
3													3
4													4
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21													21
22													22

Name _____ Date _____ Class _____

MASTERY PROBLEM 8-M, p. 140
[1–3]

Recording sales and cash receipts of a departmental business

SALES JOURNAL

PAGE

	DATE		ACCOUNT DEBITED	SALE No.	POST. REF.	1 ACCOUNTS RECEIVABLE DEBIT (113)	2 SALES TAX PAYABLE CREDIT (220)	3 SALES CREDIT WOMEN'S CLOTH. (411)	4 SALES CREDIT MEN'S CLOTH. (412)	
1										1
2										2
3										3
4										4
5										5
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30										30
31										31
32										32

[1–3]

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	1 GENERAL CREDIT	2 ACCOUNTS RECEIVABLE CREDIT (113)	3 SALES TAX PAYABLE CREDIT (220)	4 SALES CREDIT WOMEN'S CLOTHING (411)	5 SALES CREDIT MEN'S CLOTHING (412)	6 CASH DEBIT (111)	
1												
2												1
3												2
4												3
5												4
6												5
7												6
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18												17
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22												21
												22

MASTERY PROBLEM 8-M, concluded

Name _____ Date _____ Class _____

BONUS PROBLEM 8-B, p. 141
[1–3]

Recording sales, cash receipts, and cash discounts for a departmental business

SALES JOURNAL

PAGE

	DATE		ACCOUNT DEBITED	SALE NO.	POST. REF.	ACCOUNTS RECEIVABLE DEBIT (113)	SALES CREDIT WOMEN'S CLOTH. (411)	SALES CREDIT MEN'S CLOTH. (412)	
						1	2	3	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
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30									30
31									31
32									32

[1–3]

CASH RECEIPTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	Doc. No.	Post. Ref.	1 GENERAL CREDIT	2 ACCOUNTS RECEIVABLE CREDIT (113)	3 SALES DISCOUNT DEBIT WOMEN'S (411.2)	4 SALES DISCOUNT DEBIT MEN'S (412.2)	5 SALES CREDIT WOMEN'S (411)	6 SALES CREDIT MEN'S (412)	7 CASH DEBIT (111)	
1												1
2												2
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16												16
17												17
18												18
19												19
20												20
21												21
22												22

BONUS PROBLEM 8-B, concluded

Perfect Score..35

Deduct.....—

Your Score...—

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 9

Unit A — Examining Inventory Control Systems

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Does the sale of merchandise for more than its cost provide the major source of revenue of a merchandising business?	√		0. √
1. Are most periodic inventories taken once a month?			1.
2. Is a perpetual inventory sometimes known as a cost inventory?			2.
3. Is the pricing of merchandise inventory for accounting purposes an important part of inventory control?			3.
4. Do many businesses fail because of inadequate inventory records?			4.
5. Can the net income of a business be decreased by maintaining a merchandise inventory that is larger than needed?			5.
6. Can the net income of a business be decreased by maintaining a merchandise inventory that is smaller than needed?			6.
7. Is a periodic inventory usually used when management desires up-to-date data about the inventory each day?			7.
8. Should a periodic inventory usually be taken when the quantity of merchandise is at its highest point?			8.
9. In taking a periodic inventory, may punched cards be used in which to record the number of units of each different kind of merchandise on hand?			9.
10. Should a business ordinarily purchase additional merchandise immediately before a periodic inventory is to be taken?			10.
11. Should a periodic inventory be taken at least once a year even when perpetual inventory records are kept?			11.
12. Is a perpetual inventory maintained when management desires continuous up-to-date information each day?			12.
13. When a perpetual inventory is kept by manual methods, is a separate stock record card maintained for each different kind of merchandise carried?			13.
14. Can errors in an inventory be detected by comparing the periodic inventory records with the perpetual inventory records?			14.
15. Is an inventory kept by manual methods more accurate than an inventory kept by automated data processing equipment?			15.
16. Should the selling price of an article of merchandise be written on the price tag according to a nine-letter code?			16.
17. Does accounting tradition say that if the value of an inventory increases, the gain should be recognized even though no merchandise has been sold?			17.
18. Are cost prices usually recorded on the inventory sheets at the time the periodic inventory is taken?			18.
19. Does the gross profit method of estimating the ending inventory make possible the preparation of interim financial statements without use of a periodic inventory?			19.
20. Does a business have to gain approval from the Internal Revenue Service to change its inventory pricing method from year to year?			20.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — average inventory
B — capital statement
C — departmental statement of gross profit
D — *fifo*
E — gross profit method of estimating an inventory
F — interim departmental statement of gross profit
G — inventory sheet
H — *lifo*
I — periodic inventory
J — perpetual inventory
K — stock ledger
L — stock record
M — subsidiary ledger

Column II

0. An entire file of stock records for all the merchandise on hand is called a .....
21. A statement showing the gross profit for each department for a portion of a fiscal period is called an.....
22. A form used to show each kind of merchandise, the quantity received, the quantity issued, and the balance on hand is called a .....
23. A statement, prepared at the end of a fiscal period, showing the gross profit for each department is called a .....
24. A merchandise inventory that is determined by counting, weighing, or measuring items of merchandise on hand is called a .....
25. The "first-in, first-out" method of pricing the inventory is frequently referred to by the abbreviation .....
26. The "last-in, first-out" method of pricing each kind of merchandise is frequently referred to by the abbreviation.
27. A merchandise inventory that is determined by keeping a continuous record of the increase, the decrease, and the balance on hand is called a .....
28. Estimating the ending inventory by using previous years' percent of gross profit on sales is called the .....

Answers	For Scoring
K	0. ✓
	21.
	22.
	23.
	24.
	25.
	26.
	27.
	28.

Unit C — Lifo and Fifo Inventory Valuation

INSTRUCTIONS: For each of the following items, select the answer that best completes the sentence. Then print in the Answers column at the right the capital letter identifying your choice.

0. Under the fifo method of inventory valuation, articles of merchandise are valued at the
(A) earliest cost prices (B) latest cost prices .....

29. Under the lifo method of inventory valuation, articles of merchandise are valued at the
(A) earliest cost prices (B) latest cost prices .....

30. The fifo method of pricing an inventory is based on the assumption that the merchandise purchased first is the merchandise
(A) sold first (B) sold last .....

31. The lifo method of pricing an inventory is based on the assumption that the merchandise purchased last is the merchandise
(A) sold first (B) sold last .....

32. In a year of rising prices, the method of inventory valuation that results in the highest possible value for the ending inventory is
(A) fifo (B) lifo .....

33. In a year of rising prices, the method of inventory valuation that results in the lowest possible value for the ending inventory is
(A) fifo (B) lifo .....

34. In a year of falling prices, the method of inventory valuation that results in the highest possible value for the ending inventory is
(A) fifo (B) lifo .....

35. In a year of falling prices, the method of inventory valuation that results in the lowest possible value for the ending inventory is
(A) fifo (B) lifo .....

Answers	For Scoring
B	0. ✓
	29.
	30.
	31.
	32.
	33.
	34.
	35.

Name _____ Date _____ Class _____

PROBLEM 9-1, p. 155

Pricing an inventory by the *fifo* and *lifo* methods

[1, 2, 4]

fifo method

Model	Number of Units on Hand	Unit Cost	Value
		TOTAL *fifo* VALUE ▸	

lifo method

[1, 3, 4]

Model	Number of Units on Hand	Unit Cost	Value
		TOTAL *lifo* VALUE ▸	

[4] The method of pricing that resulted in the lower total amount for the inventory is ..... _____

Pricing the inventory at lower of cost or market

PROBLEM 9-2, p. 155
[1–4]

1	2	3	4	5	6
Stock No.	**Number of Units on Hand**	**Unit Cost Price**	**Current Market Price**	**Unit Price To Be Used**	**Value**
A3	8		$ 83.00		
A6	12		90.00		
C8	4		156.00		
D1	12		189.00		
D9	14		204.00		
F3	6		182.00		
F5	8		261.00		
				TOTAL ENDING INVENTORY ▶	

Use the space below for any necessary calculations.

Name _____ Date _____ Class _____

Preparing an interim departmental statement of gross profit

APPLIANCE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to January 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____
2. Net sales for January 1 to January 31 ..... $ _____
   Less estimated gross profit on sales ..... _____
   Equals estimated cost of merchandise sold ..... $ _____
3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

FURNITURE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to January 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____
2. Net sales for January 1 to January 31 ..... $ _____
   Less estimated gross profit on sales ..... _____
   Equals estimated cost of merchandise sold ..... $ _____
3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

HARDWARE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to January 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____
2. Net sales for January 1 to January 31 ..... $ _____
   Less estimated gross profit on sales ..... _____
   Equals estimated cost of merchandise sold ..... $ _____
3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

Lucio's

Interim Departmental Statement of Gross Profit

For Month Ended January 31, 19--

	APPLIANCE		FURNITURE		HARDWARE		TOTAL	

Preparing an interim departmental statement of gross profit

WOMEN'S SHOE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to January 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____

2. Net sales for January 1 to January 31 ..... $ _____
   Less estimated gross profit on sales ($7,320.00 × 30%) ..... _____
   Equals estimated cost of merchandise sold ..... $ _____

3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

MEN'S SHOE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to January 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____

2. Net sales for January 1 to January 31 ..... $ _____
   Less estimated gross profit on sales ($8,640.00 × 25%) ..... _____
   Equals estimated cost of merchandise sold ..... $ _____

3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

Westside Shoe Store

Interim Departmental Statement of Gross Profit

For Month Ended January 31, 19--

	WOMEN'S SHOES		MEN'S SHOES		TOTAL	

Estimating the value of merchandise destroyed by fire

- STEP 1

Beginning inventory, January 1	$ _____
Plus net purchases, January 1 to March 17	_____
Equals merchandise available for sale, January 1 to March 17	$ _____

- STEP 2

Estimated cost of sales during special January sales ($18,000.00 × 85%)	$ _____
Plus estimated cost of the balance of sales ($44,450.00 × 70%)	_____
Equals cost of merchandise sold	$ _____

- STEP 3

Merchandise available for sale	$ _____
Less Estimated cost of merchandise sold	_____
Equals estimated ending inventory, March 17	$ _____

Perfect Score 39

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 10

Unit A — Examining Departmental Payroll Procedures

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers True	Answers False	For Scoring
0. Employers are required by law to withhold certain taxes from the earnings of their employees	√		0. √
1. Government regulations at the federal, state, and local levels specify the type of payroll accounting system that must be used as the basis for tax reports by businesses			1.
2. Government regulations at the federal, state, and local levels specify the type of payroll information that must be reported by business			2.
3. The total earnings due an individual for a pay period are also known as gross pay			3.
4. Social security and income are the two federal taxes that are deducted from the earnings of each employee			4.
5. An unemployment compensation tax is deducted from the total earnings of each employee			5.
6. The business form on which the entire payroll is recorded is called an employee's earnings record			6.
7. A payroll register summarizes the time cards for all employees for one pay period			7.
8. Congress sets the tax base and the tax rates for FICA tax			8.
9. A separate payroll register is prepared for each pay period			9.
10. Federal unemployment compensation tax is calculated on the first $6,200.00 earned by each employee during a calendar year			10.
11. The earnings beyond $10,800.00 of each employee are free from federal income tax			11.
12. The amount of federal income tax that is withheld from a person's pay is dependent on the number of exemptions claimed by the employee			12.
13. The amount of federal income tax that is withheld from a person's pay is dependent on the marital status of the employee			13.
14. Some cities levy an income tax on the earnings of those people who work within the city limits			14.
15. The amount of the federal income tax that is to be withheld from an employee's earnings may be determined from a table supplied by the federal government			15.
16. The payroll register shows the net amount payable to each employee			16.
17. The amount of the FICA tax that is to be withheld from an employee's earnings may be determined from a table supplied by the federal government			17.
18. Each amount in the Deductions Total column of a payroll register is added to an amount that appears in the Earnings Total column			18.
19. The business form that shows details of all items affecting wage and salary payments made to one specific employee is called an employee's earnings record			19.
20. Employers are required to pay some of their own money into the federal program that supplies FICA benefits to employees			20.
21. Employees are required to contribute to the federal unemployment compensation fund			21.
22. Employers are required to contribute to the federal unemployment compensation fund			22.
23. An employer is required to contribute to the unemployment compensation fund of the state in which that business is located			23.
24. The payroll departments of many companies are rarely the first offices where work simplification and automated procedures are adopted			24.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the answers column.

Column I

A — automatic check deposit
B — commissions record
C — employee's earnings record
D — exemption
E — payroll register
F — salary
G — time register
H — total earnings
I — wages

Column II

0. A business form on which details about an entire payroll are recorded
25. Earnings paid on an hourly or piecework basis
26. A form used to summarize sales by department for the purpose of figuring commissions
27. Earnings paid on a weekly, biweekly, semi-monthly, monthly, or yearly basis
28. A deduction from total earnings for each person legally supported by a taxpayer
29. A business form showing detailed information about wage and salary payments made to one specific employee
30. The total pay due an employee before deductions for a pay period
31. The procedure of depositing payroll checks directly to an employee's checking account in a specified bank

Answers	For Scoring
E	0. √
	25.
	26.
	27.
	28.
	29.
	30.
	31.

Unit C — Analyzing Payroll Accounting

INSTRUCTIONS: For each of the following items, select the answer that best completes each sentence. Then print in the Answers column at the right the capital letter identifying your choice.

0. The two journal entries that are made to record payroll data are entered in the cash payments journal and in the (A) purchases journal (B) general journal (C) cash receipts journal (D) sales journal
32. Commissions paid to the department supervisors of Amaros are figured as a percentage of (A) charge sales (B) cash sales (C) net sales (D) total sales
33. When employees are paid in addition to their regular salary, the earnings are often referred to as (A) wages (B) salary (C) pensions (D) commissions
34. The amount due an individual for a pay period after deductions is referred to as (A) regular earnings (B) total earnings (C) overtime (D) net pay
35. Another name for social security tax is (A) hospital insurance (B) income withholding tax (C) medicare (D) FICA tax
36. Social security tax includes hospital insurance protection that is commonly referred to as (A) income withholding tax (B) FICA tax (C) unemployment tax (D) medicare
37. The amount of pay that an employee receives appears in the payroll register in the column titled (A) Earnings Total (B) Deductions Total (C) Paid Net Pay (D) Earnings Regular
38. The total taxable wages received by each employee and the total amount of taxes withheld must be reported by the employer to the federal government once each (A) year (B) quarter (C) pay period (D) month
39. The information that appears on each payroll check is obtained directly from the (A) payroll register (B) employee's earnings record (C) time card (D) payroll bank account

Answers	For Scoring
B	0. √
	32.
	33.
	34.
	35.
	36.
	37.
	38.
	39.

Name _____ Date _____ Class _____

Preparing a payroll register and recording the payroll entries

COMMISSIONS RECORD

Employee Name _____ Commission ____ %

Employee Number _____ Month _____ Year _____

Dept. _____ Regular Weekly Salary _____

Sales

Charge Sales _____

Cash Sales _____

Total Gross Sales _____

Less Sales Returns and Allowances _____

Net Sales _____

Commission on Net Sales _____

COMMISSIONS RECORD

Employee Name _____ Commission ____ %

Employee Number _____ Month _____ Year _____

Dept. _____ Regular Weekly Salary _____

Sales

Charge Sales _____

Cash Sales _____

Total Gross Sales _____

Less Sales Returns and Allowances _____

Net Sales _____

Commission on Net Sales _____

WEEK ENDED

PAYROLL REGISTER

	1	2	3	4	5	6	7	8	9	
	EMPL. NO.	EMPLOYEE'S NAME	MARITAL STATUS	NO. OF EXEMPTIONS	TOTAL HOURS	EARNINGS				
						REGULAR	OVERTIME	COMMISSION	TOTAL	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
13										13
14										14
15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
24										24
25										25
26										26
27										27
28										28
29										29
30										30
31										31
32										32
33										33
34										34
35										35
36										36
37										37
38										38

Name _____ Date _____ Class _____

PROBLEM 10-1, continued
[2, 5]

DATE OF PAYMENT

PAYROLL REGISTER

	10	11	12	13	14	15	16	17	18	19	
	DEPARTMENT		ADMIN. SALARIES	DEDUCTIONS					PAID		
	TELEVISION	STEREO		FEDERAL INCOME TAX	STATE INCOME TAX	FICA TAX	OTHER	TOTAL	NET PAY	CK. NO.	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25
26											26
27											27
28											28
29											29
30											30
31											31
32											32
33											33
34											34
35											35
36											36
37											37
38											38

[3]

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (211) (3)	PURCHASES DISCOUNT—STEREO CREDIT (511.2) (4)	CASH CREDIT (111) (5)	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22

PROBLEM 10-1, continued

Name _____ Date _____ Class _____

PROBLEM 10-1, concluded
[4]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

EMPLOYEE'S EARNINGS RECORD

NAME _____

ADDRESS _____

PER HOUR _____

MALE _____ MARRIED _____ NUMBER OF PAY WEEK _____

FEMALE _____ SINGLE _____ EXEMPTIONS _____ RATE _____ MONTH _____

	1	2	3	4	5	6	
	PAY PERIOD		TOTAL EARNINGS	CUMULATIVE TOTAL	TAXABLE EARNINGS		
	QUARTER	DATE ENDED			FICA	UNEMPLOYMENT COMPENSATION	
1	FIRST	TOTALS					1
2	SECOND	TOTALS					2
3	THIRD						3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17	THIRD	TOTALS					17

Name _____ Date _____ Class _____

PROBLEM 10-2, concluded

FOR QUARTER ENDING _____

EMPLOYEE NO. _____ SOC. SEC. NO. _____

DATE EMPLOYED _____ OCCUPATION _____

DATE EMPLOYMENT TERMINATED _____ DEPARTMENT _____

	7	8	9	10	11	12	
	DEDUCTIONS					NET AMOUNT PAID	
	FEDERAL INCOME TAX	STATE INCOME TAX	FICA TAX	OTHER	TOTAL		
1							1
2							2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17							17

FOR QUARTER ENDING _____

EMPLOYEE NO. _____ SOC. SEC. NO. _____

DATE EMPLOYED _____ OCCUPATION _____

DATE EMPLOYMENT TERMINATED _____ DEPARTMENT _____

	7	8	9	10	11	12	
	DEDUCTIONS					NET AMOUNT PAID	
	FEDERAL INCOME TAX	STATE INCOME TAX	FICA TAX	OTHER	TOTAL		
1							1
2							2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17							17

Name _____ Date _____ Class _____

PROJECT 2, p. 181
[1, 4, 8]

DEPARTMENTALIZED ACCOUNTING

GENERAL LEDGER

ACCOUNT Cash ACCOUNT NO. 111

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			838620	

ACCOUNT Petty Cash ACCOUNT NO. 112

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			10000	

ACCOUNT Accounts Receivable ACCOUNT NO. 113

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			266530	

ACCOUNT Merchandise Inventory - Hardware ACCOUNT NO. 114

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Jan. 1	Balance	✓			2113350	

ACCOUNT Merchandise Inventory - Houseware ACCOUNT NO. 115

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Jan. 1	Balance	✓			1864430	

GENERAL LEDGER

ACCOUNT Merchandise Inventory-Sporting Goods ACCOUNT NO. 116

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Jan. 1	Balance	✓			19386 15	

ACCOUNT Store Supplies ACCOUNT NO. 117

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			347 60	

ACCOUNT Office Supplies ACCOUNT NO. 118

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			263 75	

ACCOUNT Accounts Payable ACCOUNT NO. 211

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				4388 75

ACCOUNT Employees Income Tax Payable-Federal ACCOUNT NO. 212

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				893 60

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT Employees Income Tax Payable - State ACCOUNT NO. 213

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				20140

ACCOUNT FICA Tax Payable ACCOUNT NO. 214

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				77520

ACCOUNT Sales Tax Payable ACCOUNT NO. 215

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				98433

ACCOUNT Unemployment Tax Payable - Federal ACCOUNT NO. 216

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				3230

ACCOUNT Unemployment Tax Payable - State ACCOUNT NO. 217

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				17442

GENERAL LEDGER

ACCOUNT *Lewis Haynes, Capital* ACCOUNT NO. 311

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Jan. 1	Balance	✓				5579325

ACCOUNT *Lewis Haynes, Drawing* ACCOUNT NO. 312

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			204800	

ACCOUNT *Sales - Hardware* ACCOUNT NO. 411

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				3536080

ACCOUNT *Sales Returns and Allowances-Hardware* ACCOUNT NO. 411.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			24760	

ACCOUNT *Sales-Houseware* ACCOUNT NO. 412

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				2984120

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT Sales Returns and Allowances-Houseware ACCOUNT NO. 412.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			16640	

ACCOUNT Sales - Sporting Goods ACCOUNT NO. 413

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				3325280

ACCOUNT Sales Returns and Allowances-Sporting Goods ACCOUNT NO. 413.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			14775	

ACCOUNT Purchases - Hardware ACCOUNT NO. 511

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			2326520	

ACCOUNT Purchases Returns and Allowances-Hardware ACCOUNT NO. 511.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				38645

GENERAL LEDGER

ACCOUNT Purchases Discount - Hardware ACCOUNT NO. 511.2

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				22530

ACCOUNT Purchases - Houseware ACCOUNT NO. 512

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			1684633	

ACCOUNT Purchases Returns and Allowances - Houseware ACCOUNT NO. 512.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				38270

ACCOUNT Purchases Discount - Houseware ACCOUNT NO. 512.2

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				19693

ACCOUNT Purchases - Sporting Goods ACCOUNT NO. 513

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			1936655	

Name _____ Date _____ Class _____

GENERAL LEDGER

ACCOUNT Purchases Returns and Allowances-Sporting Goods ACCOUNT NO. 513.1

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓				35520

ACCOUNT Advertising Expense ACCOUNT NO. 611

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			38166	

ACCOUNT Delivery Expense ACCOUNT NO. 612

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			4230	

ACCOUNT Miscellaneous Expense ACCOUNT NO. 613

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			9840	

ACCOUNT Payroll Taxes Expense ACCOUNT NO. 614

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			230064	

GENERAL LEDGER

ACCOUNT Rent Expense — ACCOUNT NO. 615

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			240000	

ACCOUNT Salary Expense - Administrative — ACCOUNT NO. 616

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			709360	

ACCOUNT Salary Expense - Hardware — ACCOUNT NO. 617

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			684820	

ACCOUNT Salary Expense - Housewares — ACCOUNT NO. 618

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			674480	

ACCOUNT Salary Expense - Sporting Goods — ACCOUNT NO. 619

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- May 1	Balance	✓			432040	

Name _____ Date _____ Class _____

ACCOUNTS RECEIVABLE LEDGER

NAME Carmella Acosta

ADDRESS 2216 Drake Road, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			6840

NAME Audrey Argo

ADDRESS 484 Pickard Street, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			9340

NAME Kathy Bross

ADDRESS 1325 East River Road, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			26960

NAME Keith Egner

ADDRESS 685 South Haven, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			4863

ACCOUNTS RECEIVABLE LEDGER

NAME Thelma Grady
ADDRESS 353 West Jackson Street, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			11625

NAME Sue Lundy
ADDRESS 4414 Hamden Avenue, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			40662

NAME Thea Mims
ADDRESS 184 Riverview, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			8320

NAME Jay Ridgemont
ADDRESS 1483 Chestnut Street, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			126040

Name _____ Date _____ Class _____

[2, 4]

ACCOUNTS RECEIVABLE LEDGER

NAME Miriam Verdin

ADDRESS 2261 East Jackson Street, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			18620

NAME Dorothy Zumbiel

ADDRESS 881 North Haven, Carson, NM 87517

DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE
19-- May 1	Balance	✓			13260

ACCOUNTS PAYABLE LEDGER

[3, 4]

NAME Ashbrook Houseware

ADDRESS 3336 Commercial, Albuquerque, NM 88114

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May 1	Balance	✓			89115

ACCOUNTS PAYABLE LEDGER

NAME Hastings Supply
ADDRESS 1536 Main Street, Rogers, NM 88132

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May 1	Balance	✓			69420

NAME Horwath Sports Equipment
ADDRESS 2271 Chester, Albuquerque, NM 88114

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May 1	Balance	✓			68340

NAME L & M Hardware
ADDRESS 5633 Walnut, Fresno, CA 93702

DATE	ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May 1	Balance	✓			53990

Name _____ Date _____ Class _____

ACCOUNTS PAYABLE LEDGER

NAME Lyman Houseware
ADDRESS 466 Beech Avenue, Golden, CO 80401

DATE		ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May	1	Balance	✓			23500

NAME Tanaka Hardware
ADDRESS 3381 Bellows, Sonora, CA 96091

DATE		ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May	1	Balance	✓			71930

NAME Vega Sporting Goods
ADDRESS 1643 West High Street, Lubbock, TX 79400

DATE		ITEM	POST. REF.	DEBIT	CREDIT	CREDIT BALANCE
19-- May	1	Balance	✓			62580

[4, 5, 7, 8]

SALES JOURNAL

PAGE

	DATE	ACCOUNT DEBITED	SALE No.	POST. REF.	1 ACCOUNTS RECEIVABLE DEBIT (113)	2 SALES TAX PAYABLE CREDIT (215)	3 SALES CREDIT HARDWARE (411)	4 SALES CREDIT HOUSEWARE (412)	5 SALES CREDIT SPORTING GOODS (413)	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
13										13
14										14
15										15

[4, 5, 7, 8]

SALES RETURNS AND ALLOWANCES JOURNAL

PAGE

	DATE	ACCOUNT CREDITED	CREDIT MEMO. No.	POST. REF.	1 ACCOUNTS RECEIVABLE CREDIT (113)	2 SALES TAX PAYABLE DEBIT (215)	3 SALES RETURNS AND ALLOWANCES DEBIT HARDWARE (411.1)	4 SALES RETURNS AND ALLOWANCES DEBIT HOUSEWARE (412.1)	5 SALES RETURNS AND ALLOWANCES DEBIT SPORTING GOODS (413.1)	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10

Name _____ Date _____ Class _____

PROJECT 2, continued
[4, 5, 7, 8]

PURCHASES JOURNAL

PAGE

	DATE	ACCOUNT CREDITED	PURCH. NO.	POST. REF.	1 ACCOUNTS PAYABLE CREDIT (211)	2 PURCHASES DEBIT HARDWARE (511)	3 PURCHASES DEBIT HOUSEWARE (512)	4 PURCHASES DEBIT SPORTING GOODS (513)	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14

[4, 5, 7, 8]

PURCHASES RETURNS AND ALLOWANCES JOURNAL

PAGE

	DATE	ACCOUNT DEBITED	DEBIT MEMO. NO.	POST. REF.	1 ACCOUNTS PAYABLE DEBIT (211)	2 PURCHASES RETURNS AND ALLOWANCES CREDIT HARDWARE (511.1)	3 PURCHASES RETURNS AND ALLOWANCES CREDIT HOUSEWARE (512.1)	4 PURCHASES RETURNS AND ALLOWANCES CREDIT SPORTING GOODS (513.1)	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9

[4–8]

CASH RECEIPTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	Doc. No.	Post. Ref.	1 GENERAL CREDIT	2 ACCOUNTS RECEIVABLE CREDIT (113)	3 SALES TAX PAYABLE CREDIT (215)	4 SALES CREDIT HARDWARE (411)	5 SALES CREDIT HOUSEWARE (412)	6 SALES CREDIT SPORTING GOODS (413)	7 CASH DEBIT (111)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
10												10
11												11
12												12
13												13
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15												15
16												16
17												17
18												18
19												19
20												20
21												21
22												22

[4–8]

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	1 GENERAL DEBIT	2 GENERAL CREDIT	3 ACCOUNTS PAYABLE DEBIT (211)	4 PURCHASES DISCOUNT CREDIT HARDWARE (511.2)	5 PURCHASES DISCOUNT CREDIT HOUSEWARE (512.2)	6 CASH CREDIT (111)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
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17												17
18												18
19												19
20												20
21												21
22												22
23												23
24												24
25												25

Name _____ Date _____ Class _____

PROJECT 2, continued

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8

[4]

(1) CHECKBOOK BALANCE . . . . . $ _____

DEDUCT BANK CHARGES

Description	Amount	
Service Charge		

(2) TOTAL BANK CHARGES . . . . . _____

(3) ADJUSTED CHECKBOOK BALANCE . $ _____

(4) BANK BALANCE . . . . . $ _____

OUTSTANDING DEPOSITS

Date	Amount	

(5) TOTAL OUTSTANDING DEPOSITS . _____

(6) TOTAL . . . . . $ _____

OUTSTANDING CHECKS

CK. NO.	Amount	

(7) TOTAL OUTSTANDING CHECKS . . . _____

(8) ADJUSTED BANK BALANCE . . . . $ _____

[6] *Cash Proof:*

1. Cash balance, May 1, 19-- . . . . . $ _____
2. Plus cash received, May 1–31, 19— . . . . . _____
3. Total of beginning balance + cash received . . . . . $ _____
4. Minus cash paid, May 1–31, 19-- . . . . . _____
5. Cash on hand, May 31, 19-- . . . . . $ _____
6. Cash balance according to checkbook . . . . . $ _____

HARDWARE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to May 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____
2. Net sales for January 1 to May 31 ..... $ _____
   Less estimated gross profit on sales ..... _____
   Equals estimated cost of merchandise sold ..... $ _____
3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

HOUSEWARE DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to May 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____
2. Net sales for January 1 to May 31 ..... $ _____
   Less estimated gross profit on sales ..... _____
   Equals estimated cost of merchandise sold ..... $ _____
3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

SPORTING GOODS DEPARTMENT

1. Beginning inventory, January 1 ..... $ _____
   Plus net purchases, January 1 to May 31 ..... _____
   Equals value of merchandise available for sale ..... $ _____
2. Net sales for January 1 to May 31 ..... $ _____
   Less estimated gross profit on sales ..... _____
   Equals estimated cost of merchandise sold ..... $ _____
3. Merchandise available for sale ..... $ _____
   Less estimated cost of merchandise sold ..... _____
   Equals estimated ending merchandise inventory ..... $ _____

	HARDWARE		HOUSEWARE		SPORTING GOODS		TOTAL	

[10]

Perfect Score . 40

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 11

Unit A — Principles of a Voucher System

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Is the system for controlling cash payments in which a voucher is prepared and approved before a cash payment is made called the voucher system?	√		0. √
1. Are vouchers prepared from checks?			1.
2. Is a voucher the source document for each entry in the voucher register?			2.
3. If several invoices are received from a creditor at the same time, may a single voucher be prepared for all of the invoices?			3.
4. Is an invoice verification form stamped on an invoice at the time it is paid?			4.
5. Does the use of the voucher system make unnecessary the use of an accounts receivable ledger?			5.
6. Is a separate voucher usually prepared for each purchase invoice?			6.
7. Are special columns provided in the voucher register for the accounts that are debited frequently?			7.
8. Is a check number written in the voucher register at the time the voucher is recorded?			8.
9. Are vouchers filed in the unpaid vouchers file according to due dates?			9.
10. Is a check mark placed in the Post. Ref. column of the voucher register when an amount is posted from the General Credit column?			10.
11. Are the amounts in the Vouchers Payable Credit column of the voucher register posted individually?			11.
12. If a business firm has a checking account at more than one bank, may a single check register be used with separate amount columns for each account?			12.
13. When a voucher system is used, is each voucher paid by check?			13.
14. If a discount is allowed for prompt payment of a voucher, is the amount of the discount recorded in the check register as a credit to the appropriate departmental purchases account?			14.
15. When a Bank Deposits column and a Bank Balance column are provided in a check register, is it necessary to maintain a record of deposits and the bank balance on check stubs?			15.
16. When a check is recorded in the check register, is the amount of the check deducted from the previous amount shown in the Bank Balance column?			16.
17. When a business makes a deposit in its checking account, is the amount of the deposit added to the previous amount shown in the Bank Balance column?			17.
18. In posting the column totals of the check register, are the totals of the Bank Deposits and Bank Balance columns posted?			18.
19. Does the voucher system eliminate all posting to creditors' accounts?			19.
20. Is a partially paid voucher filed in the paid vouchers file?			20.
21. Under the voucher system, does the filing of vouchers according to their due dates facilitate the payment of invoices within their discount periods?			21.
22. When a purchase is paid for in a series of installments, may a separate voucher be prepared for each installment payment?			22.
23. When merchandise is returned under the voucher system, may the old voucher be canceled and a new voucher be prepared for the amount still owed?			23
24. Under the voucher system, do the paid vouchers file and the unpaid vouchers file replace the accounts payable ledger?			24.
25. Are vouchers filed in the paid vouchers file according to due dates?			25.

Unit B — Examining Procedures of a Voucher System

INSTRUCTIONS: For each of the following items, select the answer that best completes the sentence. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. A voucher is prepared and is approved for each invoice (A) after the check is written (B) before the check is written (C) after the check is paid	*B*	0. ✓
26. The journal in which vouchers are recorded when a voucher system is used is called a (A) voucher register (B) cash payments journal (C) check register		**26.**
27. The form of cash payments journal in which checks are recorded when a voucher system is used is called a (A) combination journal (B) voucher register (C) check register		**27.**
28. Each voucher is recorded in the voucher register by the (A) voucher clerk (B) accountant (C) manager		**28.**
29. The total amount of each voucher is recorded in the voucher register in the (A) General Debit column (B) Purchases Debit column (C) Vouchers Payable Credit column		**29.**
30. After each voucher is recorded, it is placed in a special file called (A) a paid vouchers file (B) an unpaid vouchers file (C) an accounts receivable ledger		**30.**
31. The unpaid vouchers file corresponds to the open accounts in the (A) general ledger (B) accounts payable ledger (C) accounts receivable ledger		**31.**
32. The only items recorded in the voucher register that need to be posted individually are those entered in the (A) Purchases Debit column (B) Vouchers Payable Credit column (C) General columns		**32.**
33. The totals of the special columns of the voucher register are posted to the (A) general ledger (B) accounts receivable ledger (C) accounts payable ledger		**33.**
34. The sum of the unpaid vouchers should at all times equal the credit balance of (A)Accounts Receivable (B) Vouchers Payable (C) Notes Payable		**34.**
35. In the entry to record the payroll, summary information about the payroll is (A) recorded on the outside of the voucher (B) not recorded on the voucher (C) recorded on the inside of the voucher		**35.**
36. A check that has space on it or that has a stub attached to it on which a brief summary showing the purpose of the payment is written is called (A) a voucher check (B) a canceled check (C) an outstanding check		**36.**
37. Each check written is recorded in the check register as a debit to (A) Purchases (B) Cash (C) Vouchers Payable		**37.**
38. Each check written is recorded in the check register as a credit to (A) Cash (B) Purchases (C) Vouchers Payable		**38.**
39. The source document for the entry in the check register to record the payment of a voucher is the (A) voucher (B) voucher check (C) invoice		**39.**
40. The source document for the entry in the voucher register to record a purchases return is the (A) new voucher that replaces the canceled voucher (B) debit memorandum (C) original voucher that is canceled		**40.**

Recording transactions when a voucher system is used [1, 2]

Name _____ Date _____ Class _____

CHECK REGISTER

PAGE

	DATE		IN FAVOR OF	CK. No.	VCHR. NO.	1 VOUCHERS PAYABLE DEBIT	2 PURCH. DISCOUNT CR. TOYS DEPT.	3 PURCH. DISCOUNT CR. GAMES DEPT.	4 CASH CREDIT	5 BANK DEPOSITS	6 BANK BALANCE	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
10												10
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16												16
17												17
18												18
19												19
20												20
21												21
22												22

PROBLEM 11-1, p. 201

PAGE

VOUCHER REGISTER

1

	DATE		CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	VOUCHERS PAYABLE CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36

Name _____ Date _____ Class _____

PROBLEM 11-1, concluded
[1, 2]

FOR MONTH OF 19 PAGE

	2	3	4	5		6	7	
	DISTRIBUTION				GENERAL			
	PURCHASES DEBIT		STORE SUPPLIES DEBIT	OFFICE SUPPLIES DEBIT	ACCOUNT	POST REF.	DEBIT	CREDIT
	TOYS DEPT.	GAMES DEPT.						
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
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24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32
33								33
34								34
35								35
36								36

Recording transactions in a voucher register and a check register

MASTERY PROBLEM 11-M, p. 202
[1, 2]

PAGE

VOUCHER REGISTER

1

	DATE		CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	VOUCHERS PAYABLE CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Name _____ Date _____ Class _____ *MASTERY PROBLEM 11-M, continued*

[1, 2]

FOR MONTH OF 19 PAGE

	2	3	4			5	6	
	DISTRIBUTION			GENERAL				
	PURCHASES DEBIT	STORE SUPPLIES DEBIT	OFFICE SUPPLIES DEBIT	ACCOUNT	POST REF.	DEBIT	CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

[1, 2]

CHECK REGISTER

PAGE

	DATE	IN FAVOR OF	CK. No.	VCHR. NO.	1 VOUCHERS PAYABLE DEBIT	2 PURCHASES DISCOUNT CREDIT	3 CASH CREDIT	4 BANK DEPOSITS	5 BANK BALANCE	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
13										13
14										14
15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22

MASTERY PROBLEM 11-M, concluded

Recording transactions when a voucher system is used [1–3]

Name _____ Date _____ Class _____

CHECK REGISTER

PAGE

	DATE		IN FAVOR OF	CK. No.	VCHR. NO.	1 VOUCHERS PAYABLE DEBIT	2 DISCOUNTS LOST DEBIT	3 CASH CREDIT	4 BANK DEPOSITS	5 BANK BALANCE	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22

BONUS PROBLEM 11-B, p. 203

PAGE

VOUCHER REGISTER

1

	DATE	CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	VOUCHERS PAYABLE CREDIT	
1							1
2							2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
14							14
15							15
16							16
17							17
18							18
19							19
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25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32

Name _____ Date _____ Class _____

BONUS PROBLEM 11-B, concluded
[2, 3]

FOR MONTH OF 19 PAGE

	2	3	4	5	6			
	DISTRIBUTION			GENERAL				
	PURCHASES DEBIT	STORE SUPPLIES DEBIT	OFFICE SUPPLIES DEBIT	ACCOUNT	POST REF.	DEBIT	CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
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24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

CHECK REGISTER

PAGE

	DATE	IN FAVOR OF	CK. No.	VCHR. NO.	1 VOUCHERS PAYABLE DEBIT	2 DISCOUNTS LOST DEBIT	3 CASH CREDIT	4 BANK DEPOSITS	5 BANK BALANCE	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
12										12
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15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22

Extra form

Perfect Score . 39

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 12

Unit A — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — automated data processing system
B — automation
C — batch control sheet
D — batching
E — computer
F — computer program
G — computing
H — electronic data processing system
I — hash total
J — input
K — input media
L — journal entry transmittal
M — ledger entry transmittal
N — level totals
O — manual data processing system
P — output
Q — output media
R — processing
S — programmer
T — storage
U — storage media
V — summary totals
W — system

Column II

	Answers	For Scoring
0. An organized set of procedures for handling information .	*W*	0. ✓
1. The process of doing most of the work by machines with a minimum amount of human effort		1.
2. A meaningless number or total used solely to check the accuracy of work in an EDP system		2.
3. A special form which summarizes through the use of totals the data recorded on a journal entry transmittal		3.
4. A system using automated machines to process data		4.
5. The totals of selected individual columns on the journal entry transmittal used to check the accuracy of the input media in an EDP system		5.
6. A group of interconnected electronic machines capable of processing data according to stored instructions		6.
7. A special form used in an EDP system for recording data about transactions		7.
8. The process of sorting transactions by similar groups		8.
9. A system using a computer to process data		9.
10. The physical forms of the data produced in a data processing system		10.
11. Data received for processing		11.
12. The results of processing in a data processing system		12.
13. The physical forms in which data are prepared for processing by automated machines ..		13.
14. Working with data according to precise procedures		14.
15. The physical forms of the data being stored		15.
16. A set of instructions followed by a computer to process data		16.
17. Filing or holding data until they are needed		17.
18. A person who prepares a computer program		18.

Unit B — Principles of Data Processing

INSTRUCTIONS: After each statement given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers True	Answers False	For Scoring
0. The most common type of automated data processing system is the electronic data processing system	√		0. √
19. The procedures in the accounting cycle are considered a data processing system			19.
20. Most manual data processing systems include the use of common office machines such as typewriters and adding machines			20.
21. Computers store only limited amounts of data			21.
22. Only large businesses make use of computers to store and process accounting data			22.
23. The accountant need not master basic accounting principles when an automated data processing system is used to process accounting data			23.
24. The four steps necessary to complete the accounting cycle in an EDP system are: input; processing; storage; output			24.
25. Magnetic tape is the most common type of input media			25.
26. The magnetic disk is the most common form of storage media for accounting information			26.
27. The accounts in the subsidiary ledgers are not assigned account numbers in an EDP system			27.
28. In an automated data processing system, daily transactions must be converted to an input media that can be read and processed by machines			28.
29. A journal entry transmittal is also known as a transaction transmittal			29.
30. Before transactions are recorded on the journal entry transmittal, the source documents are manually sorted by categories or groups			30.
31. The source document for the journal entry for a purchase of merchandise on account is the purchase invoice			31.
32. For each group of batched transactions, two combined entries are made			32.
33. The source document for the journal entry for a cash payment is the credit memorandum			33.
34. The account names must be written on the journal entry transmittal for each transaction			34.

Unit C — Assigning Account Numbers to New Accounts

INSTRUCTIONS: Column I lists existing account names and numbers. Column II lists new accounts to be inserted in the existing list. Column III lists the new account numbers to be used. Using the procedure described in Chapter 12, determine the account number for each of the new accounts in Column II. Write the identifying letter of the number from Column III in the Answers column.

Column I	*Column II*	*Column III*	Answers	For Scoring
10 00100 Irvine Abernathy	0. Mildred Durfee	A. 10 00225	C	0. √
10 00200 Cecilia Bauer	35. Vernon Beard	B. 10 00275		35.
10 00250 Roberto Calvo	36. Guido Nervarez	C. 10 00350		36.
10 00300 Jody Doyle	37. Tammie Cotter	D. 10 00375		37.
10 00400 Delio La Rose	38. Rita Guerra	E. 10 00425		38.
10 00450 Rosa Ramos	39. Vicki Zuniga	F. 10 00600		39.
10 00500 David Witt				

Name ______________________ Date __________ Class __________

PROBLEM 12-1, p. 222

[1–3]

Adding new accounts to the general ledger chart of accounts

Account Number	Account Name	Account Number	Account Name
______	Petty Cash	______	Unemployment Tax Payable — Federal
______	Store Supplies	______	Unemployment Tax Payable — State
______	Office Equipment	______	Teresa Garcia, Drawing
______	Accumulated Depreciation — Office Equipment	______	Depreciation Expense — Office Equipment
______	Employees Income Tax Payable — Federal	______	Store Supplies Expense

[3]

Account Number	ASSETS	Account Number	OPERATING REVENUE
	LIABILITIES		COST OF MERCHANDISE
	CAPITAL		OPERATING EXPENSES

Adding new accounts to the chart of accounts for the subsidiary ledgers

PROBLEM 12-2, p. 223
[1–3]

Account Number	Accounts Receivable	Account Number	Accounts Payable
_____	Marcia Cooper	_____	Casey Manufacturing
_____	Cynthia Harris	_____	Lee Office Systems
_____	William Livingston	_____	Rabelo Office Supplies
_____	Susan Trent		
_____	Alex Unger		
_____	Timothy Voiers		
_____	Elena Zapata		

Customer Number	Customer Name	Creditor Number	Creditor Name

Name _____ Date _____ Class _____

PROBLEM 12-3, p. 224

[1]

Recording purchases and cash payments for an automated accounting system

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
1									1
2									2
3									3
4									4
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14									14
15									15

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JOURNAL NUMBERS

PURCHASES = 10
CASH PAYMENTS = 20
SALES = 30
CASH RECEIPTS = 40
GENERAL = 50

[2]

BATCH CONTROL SHEET

DATE _____

1 TOTAL NUMBER OF BATCHES _____

2 TOTAL NUMBER OF TRANSACTION ENTRIES _____

3 TOTAL OF DOCUMENT NUMBERS _____

4 TOTAL OF ACCOUNT NUMBERS _____

5 TOTAL DEBITS _____

6 TOTAL CREDITS _____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

JOURNAL ENTRY TRANSMITTAL

DATE ____/____/____

PAGE _____ OF _____ PAGES

	Bch. No.	Jr. No.	Ety. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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PREPARED BY

JOURNAL NUMBERS

PURCHASES	= 10	CASH RECEIPTS	= 40
CASH PAYMENTS	= 20	GENERAL	= 50
SALES	= 30		

Name _____ Date _____ Class _____

MASTERY PROBLEM 12-M, p. 225

[1]

Recording purchases for an automated accounting system

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
1									1
2									2
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JOURNAL NUMBERS

PURCHASES = 10
CASH PAYMENTS = 20
SALES = 30
CASH RECEIPTS = 40
GENERAL = 50

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[2]

BATCH CONTROL SHEET

DATE _____

1	TOTAL NUMBER OF BATCHES	_____
2	TOTAL NUMBER OF TRANSACTION ENTRIES	_____
3	TOTAL OF DOCUMENT NUMBERS	_____
4	TOTAL OF ACCOUNT NUMBERS	_____
5	TOTAL DEBITS	_____
6	TOTAL CREDITS	_____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

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Recording general cash payments for an automated accounting system

BONUS PROBLEM 12-B, p. 225

[1]

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE _____ OF _____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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JOURNAL NUMBERS

PURCHASES = 10
CASH PAYMENTS = 20
SALES = 30
CASH RECEIPTS = 40
GENERAL = 50

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[2]

BATCH CONTROL SHEET

DATE _____

1	TOTAL NUMBER OF BATCHES	_____
2	TOTAL NUMBER OF TRANSACTION ENTRIES	_____
3	TOTAL OF DOCUMENT NUMBERS	_____
4	TOTAL OF ACCOUNT NUMBERS	_____
5	TOTAL DEBITS	_____
6	TOTAL CREDITS	_____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

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Perfect Score . 37

Deduct .....

Your Score ...

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 13

Unit A — Analyzing Transactions Recorded in a Journal Entry Transmittal

INSTRUCTIONS: In the journal entry transmittal shown below, selected entries are labeled with a bold letter. Answer each question given below the illustration by printing the proper letter in the Answers column.

JOURNAL ENTRY TRANSMITTAL

DATE 3/8/79 (a) PAGE 1 OF 1 PAGES

	Bch. No.	Jr. No.	Ety. No.	Document Number	Account Number	Explanation	Debit	Credit	
1	1	30	1	813	1000200	Sales of Merchandise on Account (d)	13850		1
2	(b)		2	(c) 814	100041 2		6540		2
3			3	815	1000500 (e)		9260		3
4			4	816	1000600		3240 0		4
5			5	817	1000612		(f) 7840		5
6			6		2106000			3495	6
7		(g)	7		4101000	(j)		66395	7
8	240		1		1101000	Cash Received on Account	46550		8
9			2	(h) 611	1000200			3860	9
10			3	612	1000350 (i)			16240	10
11		(l)	4	613	1000500			(k) 26450	11
12	350		1	(m) 66	1101000	Cash Sales (o)	11104 8		12
13			2		2106000 (n)			5552	13
14			3		4101000			(p) 105496	14
15									15

Which bold letter in the above illustration represents:

	Answers	For Scoring
0. The account number for entry number 3 of batch number 1?	*E*	0. ✓
1. The explanation for batch number 2?		**1.**
2. The debit entry for entry number 5 of batch number 1?		**2.**
3. The explanation for batch number 1?		**3.**
4. The day the journal entry transmittal was prepared?		**4.**
5. The batch number for the first batch of transactions?		**5.**
6. The document number for entry number 1 of batch number 3?		**6.**
7. The account number for entry number 3 of batch number 2?		**7.**
8. The explanation for batch number 3?		**8.**
9. The journal number for batch number 2?		**9.**
10. The document number for entry number 2 of batch number 2?		**10.**
11. The credit entry for entry number 4 of batch number 2?		**11.**
12. The credit entry for entry number 3 of batch number 3?		**12.**
13. The account number for entry number 2 of batch number 3?		**13.**
14. The document number for entry number 2 of batch number 1?		**14.**
15. The journal number for batch number 3?		**15.**

Unit B — Recording Daily Transactions

INSTRUCTIONS: After each question given below concerning Harrod's automated accounting system, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Is a receipt used as the source document for all sales on account?		√	0. √
16. Does the accounting department collect the sales and cash receipts source documents at the end of each business day?			**16.**
17. Does coding clerk II sort the source documents for sales and cash receipts by transaction categories each morning?			**17.**
18. Does the junior accountant sort the source documents for sales and cash receipts into batches?			**18.**
19. Is Accounts Receivable debited for the total amount to be collected from charge customers for sales on account transactions?			**19.**
20. Are each sales on account amounts credited to Sales?			**20.**
21. Is the computer programmed to add automatically the amounts debited to individual accounts receivable?			**21.**
22. Does a business have to record cash sales daily even though the amount of cash sales is small?			**22.**
23. Is a batch control sheet prepared for sales and cash receipts?			**23.**
24. Does the junior accountant have the responsibility of recording entries for sales returns and allowances?			**24.**
25. Are source documents used for general transactions?			**25.**
26. Is a correcting entry affecting a customer's account considered a general transaction?			**26.**
27. Does coding clerk II prepare the batch control sheet for general transactions?			**27.**
28. Is the completed journal entry transmittal and batch control sheet for general transactions given to the junior accountant for an accuracy check?			**28.**
29. Is the data for the subsidiary ledgers stored on magnetic disk storage connected to the computer system?			**29.**
30. Does the junior accountant prepare batch control sheets for accounts receivable and accounts payable?			**30.**
31. Is the form for recording control totals for accounts payable called an accounts payable control sheet?			**31.**
32. Are the transactions affecting the accounts payable account recorded on the control sheet weekly?			**32.**
33. Are the total purchases returns and allowances obtained from the journal entry transmittal for purchases on account?			**33.**
34. Is the form for recording control totals for accounts receivable called an accounts receivable transmittal?			**34.**
35. Does the junior accountant send the journal entry transmittals, the batch control sheets, and the subsidiary control sheets to the data processing department?			**35.**
36. Is the input media prepared by the data processing department processed by the computer system according to instructions in the computer program?			**36.**
37. Does the junior accountant file all source documents?			**37.**

Name _____ Date _____ Class _____

PROBLEM 13-1, p. 240

[1]

Recording sales and cash receipts for an automated accounting system

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
1									1
2									2
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JOURNAL NUMBERS

PURCHASES = 10
CASH PAYMENTS = 20
SALES = 30
CASH RECEIPTS = 40
GENERAL = 50

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[2]

BATCH CONTROL SHEET

DATE _____

1	TOTAL NUMBER OF BATCHES	_____
2	TOTAL NUMBER OF TRANSACTION ENTRIES	_____
3	TOTAL OF DOCUMENT NUMBERS	_____
4	TOTAL OF ACCOUNT NUMBERS	_____
5	TOTAL DEBITS	_____
6	TOTAL CREDITS	_____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

[1]

JOURNAL ENTRY TRANSMITTAL

DATE ____/____/____

PAGE _____ OF _____ PAGES

	Bch. No.	Jr. No.	Ety. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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[2]

BATCH CONTROL SHEET

DATE _____

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2 TOTAL NUMBER OF TRANSACTION ENTRIES _____

3 TOTAL OF DOCUMENT NUMBERS _____

4 TOTAL OF ACCOUNT NUMBERS _____

5 TOTAL DEBITS _____

6 TOTAL CREDITS _____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

Name _____ Date _____ Class _____

PROBLEM 13-3, p. 242

Preparing an accounts payable control sheet

ACCOUNTS PAYABLE CONTROL SHEET

MONTH OF

	DATE		1 BEGINNING BALANCE	2 PURCHASES CREDIT A/P	3 PURCH. RET. & ALLOWANCES DEBIT A/P	4 PURCHASES DISCOUNT DEBIT A/P	5 CASH PAID DEBIT A/P	6 ENDING BALANCE	
1									1
2									2
3									3
4									4
5									5
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27									27

PREPARED BY

ACCOUNTS RECEIVABLE CONTROL SHEET

MONTH OF

	DATE		1 BEGINNING BALANCE	2 SALES DEBIT A/R	3 SALES RET. & ALLOWANCES CREDIT A/R	4 CASH RECEIVED CREDIT A/R	5 ENDING BALANCE	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
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27								27

PREPARED BY

Name _____ Date _____ Class _____

MASTERY PROBLEM 13-M, p. 242

[1]

Recording cash receipts for an automated accounting system

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
1									1
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JOURNAL NUMBERS

PURCHASES = 10
CASH PAYMENTS = 20
SALES = 30
CASH RECEIPTS = 40
GENERAL = 50

[2]

BATCH CONTROL SHEET

DATE _____

1 TOTAL NUMBER OF BATCHES _____

2 TOTAL NUMBER OF TRANSACTION ENTRIES _____

3 TOTAL OF DOCUMENT NUMBERS _____

4 TOTAL OF ACCOUNT NUMBERS _____

5 TOTAL DEBITS _____

6 TOTAL CREDITS _____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

ACCOUNTS PAYABLE CONTROL SHEET

MONTH OF

	DATE		1 BEGINNING BALANCE	2 PURCHASES CREDIT A/P	3 PURCH. RET. & ALLOWANCES DEBIT A/P	4 PURCHASES DISCOUNT DEBIT A/P	5 CASH PAID DEBIT A/P	6 ENDING BALANCE	
1									1
2									2
3									3
4									4
5									5
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PREPARED BY

Perfect Score . 38

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 14

Unit A — Processing Daily Transactions and End-of-Fiscal-Period Reports

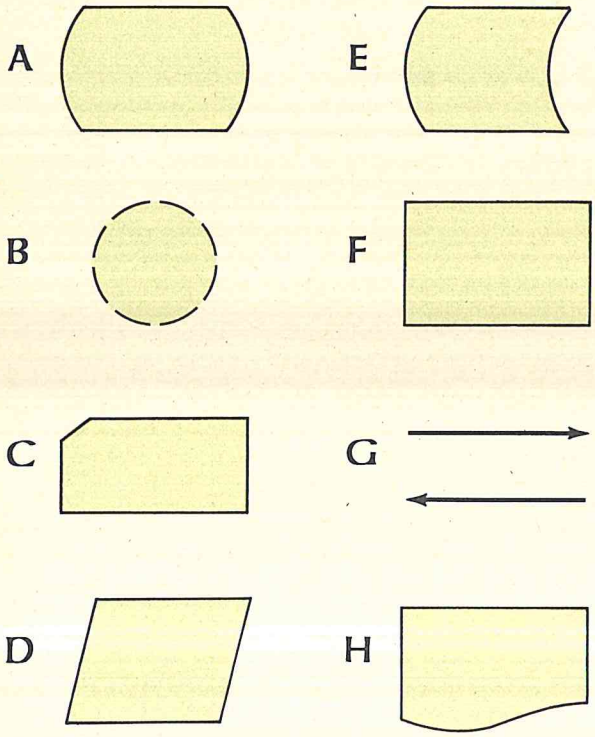
INSTRUCTIONS: After each statement given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers True	Answers False	For Scoring
0. The major objective of an automated accounting system is to obtain accurate, up-to-date facts as quickly and as economically as possible	√		0. √
1. The data processing department determines the type, design, and number of accounting reports to be prepared			1.
2. A chart of symbols showing the sequence of steps necessary to complete all or part of a data processing system is called a systems flowchart			2.
3. Harrod's uses magnetic tape for its input media			3.
4. The data punched into cards are in the same order as the data on the journal entry transmittal			4.
5. The result of accounting procedures that allow tracing data on reports back to the original source documents is called an audit trail			5.
6. Data for the general ledger and subsidiary ledgers of Harrod's are stored on magnetic tape storage			6.
7. A card punch machine is used to convert data from the batch control sheets into input media			7.
8. The entry register lists all daily transactions recorded on the journal entry transmittal forms			8.
9. The punched card columns reserved for the recording of specific data are called fields			9.
10. Data for the subsidiary schedules are read from the magnetic disk storage			10.
11. Separate amount fields are needed in the punched card for debits and credits			11.
12. The trial balance is recorded directly on the worksheet in an automated accounting system			12.
13. The computer system prepares the income statement, capital statement, and balance sheet			13.
14. After the closing entries have been recorded on the journal entry transmittal, the junior accountant prepares a batch control sheet			14.
15. Account titles are punched into the punched cards for each transaction			15.
16. Data for the trial balance are read from the magnetic disk storage, processed by the central processing unit, and punched into cards			16.
17. Coding clerk II records the closing entries for Harrod's on a journal entry transmittal			17.
18. The trial balance is used by the junior accountant to plan the adjusting entries			18.
19. Adjusting entries are planned and recorded on a batch control sheet			19.
20. The accounting department prepares the post-closing trial balance based on data printed on the entry register			20.

Unit B — Identifying Flowchart Symbols

INSTRUCTIONS: Match each item in Column II with its flowchart symbol in Column I. Then print the identifying letter of that symbol in the Answers column.

Column I



Column II	Answers	For Scoring
0. Storage of data	*E*	0. √
21. Use of key-operated machines such as a card punch		**21.**
22. Direction arrows indicating flow of data		**22.**
23. Data or source information containing data taken into a system (input) or processed out of a system (output)		**23.**
24. Use of punched card or a file of punched cards		**24.**
25. Indicates processing operations performed by a computer		**25.**
26. A form on which processed data are reported or summarized		**26.**
27. Indicates type of data on a storage medium		**27.**

Unit C — Forms, Media, and Reports in an Automated Accounting System

INSTRUCTIONS: For each item in Column II, select one of the statements in Column I. Then print the identifying letter of that statement in the Answers column.

Column I

A — Prepared by accounting department

B — Prepared by data processing department

Column II	Answers	For Scoring
0. Trial balance	*B*	0. √
28. Input media for daily transactions		**28.**
29. Journal entry transmittals and batch control sheets		**29.**
30. Accounts receivable register		**30.**
31. Entry register for adjusting entries		**31.**
32. Accounts payable control sheet		**32.**
33. Income statement		**33.**
34. Schedule of accounts receivable		**34.**
35. Accounts receivable control sheet		**35.**
36. Input media for adjusting entries		**36.**
37. Post-closing trial balance		**37.**
38. Schedule of accounts payable		**38.**

Name _____ Date _____ Class _____

PROBLEM 14-1, p. 265
[1]

Recording adjusting entries for computer processing

JOURNAL ENTRY TRANSMITTAL

DATE / /

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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JOURNAL NUMBERS

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GENERAL = 50

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BATCH CONTROL SHEET

DATE _____

1	TOTAL NUMBER OF BATCHES	_____
2	TOTAL NUMBER OF TRANSACTION ENTRIES	_____
3	TOTAL OF DOCUMENT NUMBERS	_____
4	TOTAL OF ACCOUNT NUMBERS	_____
5	TOTAL DEBITS	_____
6	TOTAL CREDITS	_____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

Name _____ Date _____ Class _____

PROBLEM 14-2, p. 266
[1]

Recording closing entries for computer processing

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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BATCH CONTROL SHEET

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4	TOTAL OF ACCOUNT NUMBERS	_____
5	TOTAL DEBITS	_____
6	TOTAL CREDITS	_____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

Name _____ Date _____ Class _____

MASTERY PROBLEM 14-M, p. 267

[1]

Recording adjusting entries for computer processing

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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JOURNAL NUMBERS

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GENERAL = 50

PREPARED BY

[2]

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6	TOTAL CREDITS	_____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

Recording closing entries for computer processing

BONUS PROBLEM 14-B, p. 268

[1]

JOURNAL ENTRY TRANSMITTAL

DATE ___/___/___

PAGE ____ OF ____ PAGES

	BCH. No.	JR. No.	ETY. No.	DOCUMENT NUMBER	ACCOUNT NUMBER	EXPLANATION	DEBIT	CREDIT	
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13									13
14									14
15									15

PREPARED BY

JOURNAL NUMBERS

PURCHASES = 10
CASH PAYMENTS = 20
SALES = 30
CASH RECEIPTS = 40
GENERAL = 50

[2]

BATCH CONTROL SHEET

DATE _____

1 TOTAL NUMBER OF BATCHES _____

2 TOTAL NUMBER OF TRANSACTION ENTRIES _____

3 TOTAL OF DOCUMENT NUMBERS _____

4 TOTAL OF ACCOUNT NUMBERS _____

5 TOTAL DEBITS _____

6 TOTAL CREDITS _____

CONTROL TOTALS FOR:

_____ Purchases
_____ Cash Payments
_____ Sales
_____ Cash Receipts
_____ General

PREPARED BY

Perfect Score . 40

Deduct .....___

Your Score ....___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 15

Unit A — Analyzing the Organization of a Corporation

INSTRUCTIONS: After each question given below, place a check mark (✓) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Are all businesses organized as corporations?		✓	0. ✓
1. Are some corporations organized for non-profit purposes?			1.
2. May governmental units, such as cities and towns, be incorporated?			2.
3. Does the controller have custody of the corporation's funds?			3.
4. Do owners of a corporation elect a small group to represent the owners' interests and to be responsible for the management of the corporation?			4.
5. Should the articles of incorporation state the amount of stock that has initially been subscribed?			5.
6. Is an advantage of corporate ownership the lower tax burden?			6.
7. Are the officers of a corporation elected by the stockholders?			7.
8. Is a stockholder in a corporation personally liable for the corporation's debts?			8.
9. Is the amount of a corporation's net income credited to the account Capital?			9.
10. May a stockholder transfer ownership in a corporation without first securing the approval of the other stockholders?			10.
11. Is a corporation dissolved by the death of one of its stockholders?			11.
12. Are organization costs considered to be an asset of a corporation?			12.

Unit B — Recording Transactions When Starting a Corporation

INSTRUCTIONS: For each of the following transactions, print in the Answers columns the capital letters that identify the accounts to be debited and credited.

Account Title

A — Capital Stock — Common
B — Capital Stock — Preferred
C — Cash
D — Common Stock Subscribed
E — Interest Expense
F — Organization Costs
G — Organization Expense
H — Preferred Stock Subscribed
I — Subscriptions Receivable; subscriber's name

Transaction	Answers Debit	Answers Credit	For Scoring Debit	For Scoring Credit
0–0. Paid cash for organization costs	*F*	*C*	0. ✓	0. ✓
13–14. Received cash from sale of common stock to initial subscribers			13.	14.
15–16. Received subscription for preferred stock			15.	16.
17–18. Received cash from subscribers in part payment of subscription			17.	18.
19–20. Recorded entry for issuance of preferred stock previously subscribed and paid for on installment plan			19.	20.

Unit C — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best describes the statements in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — articles of incorporation
B — authorized capital stock
C — board of directors
D — charter
E — common stock
F — controller
G — corporation
H — cumulative preferred stock
I — dividends
J — intangible assets
K — issued capital stock
L — noncumulative preferred stock
M — nonparticipating preferred stock
N — no-par-value stock
O — outstanding capital stock
P — par value
Q — participating preferred stock
R — par-value stock
S — preferred stock
T — retained earnings
U — share of stock
V — stated-value stock
W — stock certificate
X — stockholder
Y — subscribers
Z — subscribing for capital stock

Column II	Answers	For Scoring
0. A written application to the proper state or federal agency requesting permission to form a corporation is called the	*A*	0. ✓
21. The evidence of the number of shares each stockholder owns in a corporation is called a		21.
22. Persons who promise to buy stock of a corporation are called		22.
23. An organization that has a legal right to act as "one person" and which may be owned by many persons is called a		23.
24. The total amount of stock that a corporation may issue is called the		24.
25. Preferred stock that is given a right to share with the common stock in profits above a certain amount is called		25.
26. The amount earned by a corporation and not yet distributed to stockholders is called		26.
27. Each unit of ownership in a corporation is called a		27.
28. Earnings distributed to stockholders are called		28.
29. Preferred stock with a provision that the dividends will accumulate from one year to another until they are paid is called		29.
30. The owner of one or more shares of a corporation is called a		30.
31. The total amount of capital stock currently owned by stockholders is called the		31.
32. A money value printed on a stock certificate is called the		32.
33. Preferred stock that is not given the right to share in profits with the common stock above a certain amount is called		33.
34. Stock that gives stockholders preference in earnings or other rights is called		34.
35. The group of persons elected by the stockholders to manage a corporation is called the		35.
36. Stock that does not give the stockholder any special preferences is called		36.
37. A share of stock that has no authorized value stated on the stock certificate is called		37.
38. The chief accounting officer of a corporation is called		38.
39. A share of stock that has an authorized (par) value stated on the stock certificate is called		39.
40. Preferred stock that does not provide that the dividends will accumulate from one year to another is called		40.

Recording investments to establish a corporation [1, 3]

Name _____ Date _____ Class _____

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	CASH DEBIT (5)	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8

[1]

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	CASH CREDIT (4)	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
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31								31
32								32

Name _____ Date _____ Class _____

PROBLEM 15-1, concluded

[2]

Calculating the dividends of a corporation

EMICK'S CORPORATION				
Calculate total amount of dividends paid on preferred stock and on common stock	Year	Approved Net Income To Be Used for Dividends	Total Amount of Dividends Paid on Preferred Stock	Total Amount of Dividends Paid on Common Stock
[1] If preferred stock is noncumulative and nonparticipating.....	1st Year	$28,000.00		
	2nd Year	$42,000.00		
	3rd Year	$20,000.00		
	4th Year	$70,000.00		
[2] If preferred sock is cumulative but nonparticipating	1st Year	$28,000.00		
	2nd Year	$42,000.00		
	3rd Year	$20,000.00		
	4th Year	$70,000.00		
[3] If preferred stock is noncumulative but participates at an equal rate per share with common stock after $6.00 a share has been paid on both kinds of stock	1st Year	$28,000.00		
	2nd Year	$42,000.00		
	3rd Year	$20,000.00		
	4th Year	$70,000.00		
[4] If preferred stock is cumulative and is also participating at an equal rate per share with common stock after $6.00 a share has been paid on both kinds of stock	1st Year	$28,000.00		
	2nd Year	$42,000.00		
	3rd Year	$20,000.00		
	4th Year	$70,000.00		

Division of corporate income

JANZEN CORPORATION					
Year	Net Income	Total of Retained Earnings plus Net Income	Paid to Preferred Stockholders	Paid to Common Stockholders	Balance of Retained Earnings
1973					
1974					
1975					
1976					
1977					
1978					

Division of corporate income [1]

REDDICK CORPORATION									
Year	Income	Paid to Preferred Stockholders — Regular Dividends	Balance Due to Preferred Stockholders	Paid to Preferred Stockholders — Additional Dividends	Paid to Common Stockholders	Transferred to Retained Earnings	Balance of Retained Earnings	Dividends Paid on Each Share of Preferred Stock	Dividends Paid on Each Share of Common Stock
1973									
1974									
1975									
1976									
1977									
1978									
TOTAL ▸									

[2] Average amount of dividends paid to preferred stockholders per year ..... $_____

[3] Average dividend per share of preferred stock per year ..... $_____

[4] Average amount of dividends paid to common stockholders per year ..... $_____

[5] Average dividend per share of common stock per year ..... $_____

Perfect Score . 42

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 16

Unit A — Recording Transactions for Capital Stock and Bonds

INSTRUCTIONS: For each of the following transactions, print in the Answers columns the capital letters that identify the accounts to be debited and credited.

Account Title

A — Additional Paid-in Capital
B — Bond Sinking Fund
C — Bonds Payable
D — Capital Stock — Common
E — Capital Stock — Preferred
F — Cash
G — Common Stock Subscribed
H — Delivery Equipment
I — Discount on Common Stock
J — Interest Expense
K — Organization Costs
L — Organization Expense
M — Paid-in Capital from Sale of Treasury Stock
N — Preferred Stock Subscribed
O — Subscriptions Receivable; subscriber's name
P — Treasury Stock

Transaction	Answers: Debit	Answers: Credit	For Scoring: Debit	For Scoring: Credit
0-0. Received cash from sale of preferred stock at par value	*F*	*E*	0. ✓	0. ✓
1-2. Received cash from sale of no-par common stock			1.	2.
3-4. Received cash from sale of common stock for an amount greater than the par value			3.	4.
5-6. Received cash from sale of common stock for an amount less than the par value			5.	6.
7-8. Received a delivery truck as full payment for par-value common stock			7.	8.
9-10. Paid cash for some of corporation's own common stock			9.	10.
11-12. Received cash from sale of treasury stock for the cost price			11.	12.
13-14. Received cash from sale of treasury stock above the cost price			13.	14.
15-16. Received cash from sale of treasury stock below the cost price ..			15.	16.
17-18. Received cash for the face value of a bond issued			17.	18.
19-20. Paid semiannual interest on bonds			19.	20.
21-22. Paid cash to bond trustee for annual deposit to the bond sinking fund			21.	22.
23-24. Received notice bond trustee had used bond sinking fund to retire bond issue			23.	24.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — additional paid-in capital
B — bond
C — bond issue
D — bond sinking fund
E — common stock
F — discount on capital stock
G — floating a loan
H — intangible assets
I — mortgage
J — organization costs
K — retirement of a bond issue
L — treasury stock
M — trustee

Column II

	Answers	For Scoring
0. Fees and other expenses of organizing a corporation are called	*J*	0. ✓
25. All the bonds representing the total amount of a loan are called a		25.
26. A corporation's own stock that has been issued and reacquired but not canceled is called		26.
27. The amount above par or stated value paid for capital stock is called		27.
28. Cancellation of a bond issue by paying the bonds at maturity is called		28.
29. An amount set aside to pay a bond issue when due is called a		29.
30. Obtaining cash by selling bonds is called		30.
31. The bank holding a mortgage as security for corporate bonds issued is called the		31.
32. The amount below par or stated value paid for capital stock is called		32.
33. A printed promise of a corporation to pay a specified amount at a specified date one or more years in the future and to pay interest at stated intervals is called a		33.
34. A note accompanied by a pledge of specified assets to settle the liability if the loan is not paid is called a		34.

Unit C — Examining Corporate Records

INSTRUCTIONS: For each of the following items, select the answer that best completes each sentence. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. Par value of stock (A) equals the market value of the stock (B) is the money value printed on the stock (C) is the amount paid for the stock	*B*	0. ✓
35. When no-par-value stock is sold, the following account(s) should be credited (A) Capital Stock and Additional Paid-in Capital (B) Capital Stock and Treasury Stock (C) Capital Stock		35.
36. When par-value stock is sold for more than par value, the following account(s) should be credited (A) Capital Stock and Additional Paid-in Capital (B) Capital Stock and Treasury Stock (C) Capital Stock		36.
37. Discount on Capital Stock is (A) a contra account (B) an asset account (C) an expense account		37.
38. The debit balance of the treasury stock account represents (A) an addition to the debit balance of the subscriptions receivable account (B) a deduction from the credit balance of the capital stock account (C) a deduction from the credit balance of the retained earnings account		38.
39. The treasury stock account is regarded as a (A) minus asset account (B) minus cost account (C) minus capital account		39.
40. Purchasing treasury stock results in (A) a debit to Capital Stock (B) a credit to Capital Stock (C) no entry to Capital Stock		40.
41. The bond payable account usually is listed in the chart of accounts under the heading (A) Current Liabilities (B) Long-Term Liabilities (C) Long-Term Investments		41.
42. The bond sinking fund account usually is listed in the chart of accounts under the heading (A) Plant Assets (B) Long-Term Liabilities (C) Long-Term Investments		42.

Sale of capital stock

Name _____ Date _____ Class _____

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	CASH DEBIT (5)	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
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16											16
17											17
18											18
19											19
20											20
21											21
22											22

PROBLEM 16-1, p. 304

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
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16								16
17								17
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19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Transactions for treasury stock

Name _____ Date _____ Class _____

CASH RECEIPTS JOURNAL

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	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	CASH DEBIT (5)	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CHECK NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	PURCHASES DISCOUNT CREDIT (4)	CASH CREDIT (5)	
1											1
2											2
3											3
4											4

PROBLEM 16-2, p. 304

Transactions for corporate bonds payable

[1]

CASH RECEIPTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	CASH DEBIT (5)	
1										1
2										2

[2, 3]

CASH PAYMENTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	CHECK NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	PURCHASES DISCOUNT CREDIT (4)	CASH CREDIT (5)	
1										1
2										2
3										3
4										4
5										5

[4]

GENERAL JOURNAL

PAGE

	ACCOUNTS PAYABLE DEBIT (1)	GENERAL DEBIT (2)	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT (3)	ACCOUNTS RECEIV. CREDIT (4)	
1								1
2								2
3								3
4								4
5								5
6								6

Sale of common and preferred stocks

Name _____ Date _____ Class _____

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	CASH DEBIT (5)	
1											1
2											2
3											3
4											4
5											5
6											6
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17											17
18											18
19											19
20											20
21											21
22											22

MASTERY PROBLEM 16-M, p. 305

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
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27								27
28								28
29								29
30								30
31								31
32								32

Transactions for corporate bonds payable [1]

CASH RECEIPTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	CASH DEBIT (5)
1									
2									
3									
4									
5									
6									
7									

[2, 3]

CASH PAYMENTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	CHECK NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	ACCOUNTS PAYABLE DEBIT (3)	PURCHASES DISCOUNT CREDIT (4)	CASH CREDIT (5)
1									
2									
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9									
10									

Name _____ Date _____ Class _____

BONUS PROBLEM 16-B, p. 306

GENERAL JOURNAL

PAGE

	1	2					3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT		
1									1
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26									26
27									27
28									28
29									29
30									30
31									31
32									32

Perfect Score . 67

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 17

Unit A — Recording End-of-Period Transactions of a Corporation

INSTRUCTIONS: For each of the following selected transactions, print in the Answers columns the capital letters that identify accounts to be debited and credited.

Account Title

A — Accumulated Depreciation — Delivery Equipment
B — Accumulated Depreciation — Store Equipment
C — Advertising Expense
D — Allowance for Uncollectible Accounts
E — Bad Debts Expense
F — Cash
G — Delivery Expense
H — Depreciation Expense — Delivery Equipment
I — Depreciation Expense — Store Equipment
J — Dividends Payable
K — Federal Income Tax
L — Federal Income Tax Payable
M — Income Summary
N — Insurance Expense
O — Merchandise Inventory
P — Organization Costs
Q — Organization Expense
R — Payroll Taxes Expense
S — Prepaid Insurance
T — Purchases
U — Rent Expense
V — Retained Earnings
W — Salary Expense
X — Sales
Y — Supplies — Sales
Z — Supplies Expense — Sales

Transaction	Answers: Debit	Answers: Credit	For Scoring: Debit	For Scoring: Credit
0-0. Record estimated loss on bad debts	*E*	*D*	0. ✓	0. ✓
1-2. Transfer beginning merchandise inventory to income summary account			1.	2.
3-4. Record ending merchandise inventory			3.	4.
5-6. Adjust sales supplies account			5.	6.
7-8. Adjust prepaid insurance account ..			7.	8.
9-10. Record estimated depreciation of store equipment			9.	10.
11-12. Record estimated depreciation of delivery equipment			11.	12.
13-14. Write off one fifth of original balance of the organization costs account			13.	14.
15-16. Record adjustment for federal income tax owed			15.	16.
17-18. Record declaration of a dividend ...			17.	18.
19-20. Record payment of the dividend ...			19.	20.
21-22. Close sales account to income summary account			21.	22.
23-24. Close organization expense account to income summary account			23.	24.
25-26. Close income summary account after a fiscal period that has resulted in a net income			25.	26.

Unit B — Classifying Corporate Accounts

INSTRUCTIONS: Identify the classification of each account in Column II by writing in the Answers column a classification number from Column I.

Column I — Account Classifications

ASSETS:

- Current Assets 11
- Contra Current Assets 11.1
- Long-Term Investments 12
- Plant Assets 13
- Contra Plant Assets 13.1
- Intangible Assets 14

LIABILITIES:

- Current Liabilities 21
- Long-Term Liabilities 22

STOCKHOLDERS' EQUITY:

- Capital 31
- Contra Capital 31.1

OPERATING REVENUE:

- Operating Revenue 41
- Contra Operating Revenue 41.1

COSTS:

- Cost of Merchandise 51
- Contra Cost of Merchandise ..51.1

OPERATING EXPENSES:

- Selling Expenses 61
- Administrative Expenses 62

OTHER REVENUE:

- Other Revenue 71

OTHER EXPENSES:

- Other Expenses 81

INCOME TAX:

- Federal Income Tax 91

Column II — Account Title	Answers	For Scoring
0. Accounts Payable	*21*	0. ✓
27. Accounts Receivable		27.
28. Accumulated Depreciation — Office Equipment		28.
29. Allowance for Uncollectible Accounts		29.
30. Bad Debts Expense		30.
31. Bond Sinking Fund		31.
32. Bonds Payable		32.
33. Capital Stock — Preferred		33.
34. Capital Stock — Common		34.
35. Common Stock Subscribed		35.
36. Delivery Equipment		36.
37. Depreciation Expense — Store Equipment		37.
38. Dividends Payable — Common		38.
39. Employees Income Tax Payable		39.
40. Federal Income Tax		40.
41. Federal Income Tax Payable		41.
42. FICA Tax Payable		42.
43. Income Summary		43.
44. Interest Expense		44.
45. Interest Income		45.
46. Merchandise Inventory		46.
47. Miscellaneous Expense — Sales		47.
48. Office Equipment		48.
49. Organization Costs		49.
50. Organization Expense		50.
51. Additional Paid-in Capital		51.
52. Payroll Taxes Expense		52.
53. Prepaid Insurance		53.
54. Purchases		54.
55. Purchases Discounts		55.
56. Purchases Returns and Allowances		56.
57. Retained Earnings		57.
58. Salary Expense — Administrative		58.
59. Sales		59.
60. Sales Returns and Allowances		60.
61. Store Equipment		61.
62. Subscriptions Receivable		62.
63. Supplies — Sales		63.
64. Supplies — Office		64.
65. Supplies Expense — Office		65.
66. Treasury Stock		66.
67. Unemployment Tax Payable — State		67.

Preparing a work sheet for a corporation

Fashion Fabrics Corporation

Work Sheet

For Year Ended December 31, 19--

	ACCOUNT TITLE	ACCT. NO.	TRIAL BALANCE DEBIT	TRIAL BALANCE CREDIT	ADJUSTMENTS DEBIT	ADJUSTMENTS CREDIT	INCOME STATEMENT DEBIT	INCOME STATEMENT CREDIT	BALANCE SHEET DEBIT	BALANCE SHEET CREDIT	
			1	2	3	4	5	6	7	8	
1	Cash	1101	3937020								1
2	Petty Cash	1102	20000								2
3	Accounts Receivable	1103	3727880								3
4	Allowance for Uncoll. Accounts	1103.1		2076							4
5	Subscriptions Receivable	1104	500000								5
6	Merchandise Inventory	1105	10277488								6
7	Supplies – Sales	1106	233660								7
8	Supplies – Office	1107	210650								8
9	Prepaid Insurance	1108	750000								9
10	Bond Sinking Fund	1201	2400000								10
11	Store Equipment	1301	772180								11
12	Accum. Depr. – Store Equipment	1301.1		206400							12
13	Delivery Equipment	1302	700000								13
14	Accum. Depr. – Delivery Equip	1302.1		140000							14
15	Office Equipment	1303	572760								15
16	Accum. Depr. – Office Equip.	1303.1		59660							16
17	Organization Costs	1401	120000								17
18	Accounts Payable	2101		2282470							18
19	Employees Income Tax Payable	2102		147640							19
20	FICA Tax Payable	2103		98982							20
21	Unempl. Tax Payable – Federal	2104		3450							21
22	Unempl. Tax Payable – State	2105		18630							22
23	Federal Income Tax Payable	2106									23
24	Dividends Payable	2107									24
25	Bonds Payable	2201		4000000							25
26	Capital Stock	3101		15000000							26
27	Treasury Stock	3101.1	120000								27
28	Additional Paid-in Capital	3102		400000							28

Continue this work on the next page.

Name _____ Date _____ Class _____

PROBLEM 17-1, p. 327

(continued)

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
29	Capital Stock Subscribed	3103		600000							29
30	Retained Earnings	3104		1366512							30
31	Income Summary	3105									31
32	Sales	4101		75881440							32
33	Sales Returns and Allowances	4101.1	192680								33
34	Purchases	5101	60297834								34
35	Purchases Returns & Allow.	5101.1		207620							35
36	Purchases Discount	5101.2		271340							36
37	Advertising Expense	6101	228000								37
38	Delivery Expense	6102	1081140								38
39	Depr. Exp. – Delivery Equip.	6103									39
40	Depr. Exp. – Store Equipment	6104									40
41	Miscellaneous Expense – Sales	6105	125500								41
42	Salary Expense – Sales	6106	6372800								42
43	Supplies Expense – Sales	6107									43
44	Bad Debts Expense	6201									44
45	Depr. Expense – Office Equip.	6202									45
46	Insurance Expense	6203									46
47	Miscellaneous Expense – Admin.	6204	329680								47
48	Payroll Taxes Expense	6205	899948								48
49	Rent Expense	6206	2400000								49
50	Salary Expense – Admin.	6207	3780000								50
51	Supplies Expense – Office	6208									51
52	Interest Income	7101		103000							52
53	Interest Expense	8101	240000								53
54	Organization Expense	8102									54
55	Federal Income Tax	9101	500000								55
56			100789220	100789220							56
57	Net Income After Fed. Income Tax										57
58											58

This completed work sheet will be needed for Problems 17-2 and 17-4.

PROBLEM 17-1, concluded

Preparing financial reports for a corporation

Fashion Fabrics Corporation

Income Statement

For Year Ended December 31, 19--

PROBLEM 17-2, p. 328

[1]

Operating Revenue:	
Sales	
Less Sales Returns and Allowances	
Net Sales	
Cost of Merchandise Sold:	
Merchandise Inventory, January 1, 19--	
Purchases	
Less Purch. Ret. and Allow.	
Purchases Discount	
Net Purchases	
Total Cost of Mdse. Available for Sale	
Less Mdse. Inventory, Dec. 31, 19--	
Cost of Merchandise Sold	
Gross Profit on Operations	
Operating Expenses:	
Selling Expenses:	
Advertising Expense	
Delivery Expense	
Depreciation Exp. – Delivery Equipment	
Depreciation Expense – Store Equipment	
Miscellaneous Expense – Sales	
Salary Expense – Sales	
Supplies Expense – Sales	
Total Selling Expenses	
Administrative Expenses:	
Bad Debts Expense	
Depreciation Exp. – Office Equipment	
Insurance Expense	
Miscellaneous Expense--Administrative	
Payroll Taxes Expense	
Rent Expense	
Salary Expense--Administrative	
Supplies Expense--Office	
Total Administrative Expenses	
Total Operating Expenses	
Income from Operations	

Continue this income statement on the next page.

Name _____ Date _____ Class _____

[1]

Fashion Fabrics Corporation

Income Statement (continued)

For Year Ended December 31, 19--

Other Revenue:	
Interest Income	
Other Expenses:	
Interest Expense	
Organization Expense	
Total Other Expenses	
Net Deduction	
Net Income Before Federal Income Tax	
Less Federal Income Tax	
Net Income After Federal Income Tax	

Name _____ Date _____ Class _____

[2]

Fashion Fabrics Corporation

Statement of Stockholders' Equity

For Year Ended December 31, 19--

Name _____ Date _____ Class _____

Problem 17-1 work sheet is required for this problem. [3]

Fashion Fabrics Corporation

Balance Sheet

December 31, 19--

Assets	
Current Assets:	
Cash	
Petty Cash	
Accounts Receivable	
Less Allowance for Uncoll. Accounts	
Subscriptions Receivable	
Merchandise Inventory	
Supplies--Sales	
Supplies--Office	
Prepaid Insurance	
Total Current Assets	
Long-Term Investments:	
Bond Sinking Fund	
Plant Assets:	
Store Equipment	
Less Accum. Depr.--Store Equipment	
Delivery Equipment	
Less Accum. Depr.--Delivery Equipment	
Office Equipment	
Less Accum. Depr.--Office Equipment	
Total Plant Assets	
Intangible Assets:	
Organization Costs	
Total Assets	

Continue this balance sheet on the next page.

[3]

Fashion Fabrics Corporation

Balance Sheet (continued)

December 31, 19--

Liabilities	
Current Liabilities:	
Accounts Payable	
Employees Income Tax Payable	
FICA Tax Payable	
Unemployment Tax Payable--Federal	
Unemployment Tax Payable--State	
Federal Income Tax Payable	
Total Current Liabilities	
Long-Term Liabilities:	
Bonds Payable	
Total Liabilities	
Stockholders' Equity	
Total Paid-in Capital	
Retained Earnings	
Total Stockholders' Equity	
Total Liabilities and Stockholders' Equity	

Analyzing the equity of a corporation

PROBLEM 17-3, p. 328

[1] Equity per share ..... $_____

[2] Earnings per share ..... $_____

[3] Price earnings ratio ..... _____

Name _____ Date _____ Class _____

Recording adjusting and closing entries for a corporation

[1]

Problem 17-1 work sheet is required for this problem.
Record only the adjusting entries on this page.

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Record only the closing entries on this page.

[2]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Perfect Score . 58

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 18

Unit A — Analyzing Cost Accounting for a Departmentalized Merchandising Business

INSTRUCTIONS: For each of the following items, select the answer that best completes the sentence. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. Transportation businesses (A) make the products (B) store the products (C) move the products (D) use the products	C	0. ✓
1. Departmental responsibility statements show (A) the name of the manager responsible for a department (B) the cost of merchandise sold (C) the indirect expenses (D) how much each department contributes to the net income of the business.		1.
2. Costs of operating departments in retail merchandising businesses as shown on a departmental margin statement consist of (A) cost of merchandise and expenses (B) direct and indirect expenses (C) cost of merchandise and direct expenses (D) salaries and depreciation		2.
3. The general ledger of a departmentalized merchandising business normally contains separate accounts for each department for (A) Cash (B) Accounts Receivable (C) Capital Stock (D) Purchases		3.
4. On a work sheet for a departmentalized merchandising business, revenue should be extended to (A) a Balance Sheet column (B) an Income Statement column (C) the appropriate Departmental Margin Statement column (D) an Adjustments column		4.
5. On a work sheet for a departmentalized merchandising business, indirect expenses should be extended to (A) a Balance Sheet column (B) an Income Statement column (C) the appropriate Departmental Margin Statement column (D) an Adjustments column		5.
6. A separate departmental margin statement is prepared for each (A) business (B) manager (C) transaction (D) department		6.
7. The income statement for a departmentalized merchandising business reports departmental margins for all departments plus (A) sales returns and allowances (B) indirect expenses for the company (C) net purchases (D) all salaries		7.
8. To figure the percent that cost of merchandise sold is of net sales, (A) divide cost of merchandise sold by net sales (B) divide net sales by cost of merchandise sold (C) multiply cost of merchandise sold by net sales.....		8.
9. If the percentage of cost of merchandise to net sales in a department is lower this year than last year, the trend is (A) good (B) bad (C) neutral, neither good nor bad (D) difficult to determine		9.
10. If the departmental margins of Serton Company are 25% of net sales, Serton Company's net income for the fiscal period normally will be (A) more than 25% of net sales (B) less than 25% of net sales (C) 25% of net sales (D) greater than cost of merchandise sold		10.
11. The data used to prepare an income statement for a departmentalized merchandising business are taken from (A) Trial Balance and Adjustments columns of the work sheet (B) Adjustments and Departmental Margin Statement columns of the work sheet (C) departmental margin statements and the Income Statement columns of the work sheet (D) Income Statement columns of the work sheet and the balance sheet		11.
12. Major headings of an income statement for a departmentalized merchandising business do *not* include (A) gross profit (B) direct departmental expenses (C) indirect expenses (D) rent expense		12.
13. Effective company managers of departmentalized merchandising businesses compare percentages of net sales for the current fiscal period with previous periods and with (A) company goals (B) future periods (C) gross sales (D) net income		13.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — departmental margin
B — direct expense
C — indirect expense
D — responsibility accounting
E — responsibility statements
F — work sheet

Column II

		Answers	For Scoring
0.	Analysis paper on which the financial condition of a business is conveniently summarized is called a	*F*	0. ✓
14.	Assigning control of revenues, costs, and expenses of a business is called		14.
15.	An operating expense chargeable to the overall operation of the entire business and usually not identified with a single, specific department is called		15.
16.	Financial statements showing revenue, costs, and direct expenses that are under the control of a specific department are called		16.
17.	An operating expense chargeable to the operation of a single, specific department is called		17.
18.	The revenue earned by a department less its cost of merchandise sold and less its direct expenses is called		18.

Unit C — Classifying Items on Departmental Margin and Income Statements

INSTRUCTIONS: Identify in what statement and in what section of that statement each *Item* will be reported by writing in the Answers column a letter from the *Statement* column and a number from the *Statement Section* column. The company using these statements is a departmentalized merchandising business with two departments — Hobbies and Toys.

Statement

Departmental Margin Statement . A
Income Statement ..... B
Neither A nor B C

Statement Section

Revenue 1
Net Sales 2
Cost of Merchandise Sold 3
Direct Departmental Expenses .. 4
Indirect Expenses 5
None of the above 6

	Items	Answers Stmt.	Answers Sec.	For Scoring Stmt.	For Scoring Sec.
0- 0.	Total Net Sales	*B*	*2*	0. ✓	0. ✓
19-20.	Supplies Expense — Toys .			19.	20.
21-22.	Accounts Receivable			21.	22.
23-24.	Depreciation Expense — Store Equipment — Toys ..			23.	24.
25-26.	Utilities Expense			25.	26.
27-28.	Insurance Exp. — Hobbies			27.	28.
29-30.	Sales — Hobbies			29.	30.
31-32.	Depreciation Expense — Office Equipment			31.	32.
33-34.	Miscellaneous Expense ...			33.	34.
35-36.	Prepaid Insurance			35.	36.
37-38.	Merchandise Inventory — Toys			37.	38.
39-40.	Income Tax Payable			39.	40.
41-42.	Salary Expense — Hobbies			41.	42.
43-44.	Sales Returns and Allow. — Toys			43.	44.
45-46.	Total Cost of Mdse. Sold ..			45.	46.
47-48.	Purchases — Hobbies			47.	48.
49-50.	Supplies Expense — Office			49.	50.
51-52.	Advertising Exp. — Toys .			51.	52.
53-54.	Rent Expense			53.	54.
55-56.	Supplies			55.	56.
57-58.	Bad Debts Exp. — Toys ..			57.	58.

Name _____ Date _____ Class _____

PROBLEM 18-1, p. 350
[3]

Preparing a twelve-column work sheet for a departmentalized merchandising business

Problem 18-1 begins on page 194. Use this page with page 196.

(continued)

	5	6	7	8	9	10	11	12	
	DEPARTMENTAL MARGIN STATEMENTS				INCOME STATEMENT		BALANCE SHEET		
	HARDWARE		APPLIANCES						
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
34									34
35									35
36									36
37									37
38									38
39									39
40									40
41									41
42									42
43									43
44									44
45									45
46									46
47									47
48									48
49									49
50									50
51									51
52									52
53									53
54									54
55									55
56									56
57									57
58									58
59									59
60									60
61									61
62									62
63									63
64									64
65									65
66									66

Burk

Work

For Year Ended

	ACCOUNT TITLE	Acct. No.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	
1	Cash	1101	3464320				1
2	Accounts Receivable	1102	2804360				2
3	Allow. for Uncoll. Accts.	1102.1		7140			3
4	Mdse. Inventory--Hardware	1103	3586680				4
5	Mdse. Inventory--Appliances	1104	2748480				5
6	Prepaid Insurance	1105	744000				6
7	Supplies	1106	885600				7
8	Delivery Equipment	1201	980000				8
9	Accum. Depr.--Delivery Equip.	1201.1		294000			9
10	Office Equipment	1202	257500				10
11	Accum. Depr.--Office Equip.	1202.1		38625			11
12	Store Equipment--Hardware	1203	873600				12
13	Accum. Depr.--Store Equip., Hdwr.	1203.1		262080			13
14	Store Equipment--Appliances	1204	219200				14
15	Accum. Depr.--Store Equip., Appl.	1204.1		65760			15
16	Accounts Payable	2101		1689130			16
17	Salaries Payable	2102					17
18	Employees Inc. Tax Payable	2103		62930			18
19	FICA Tax Payable	2104		42000			19
20	Unempl. Tax Payable--Federal	2105		4500			20
21	Unempl. Tax Payable--State	2106		24300			21
22	Income Tax Payable	2107					22
23	Sales Tax Payable	2108		171420			23
24	Capital Stock	3101		10000000			24
25	Retained Earnings	3201		1589685			25
26	Income Summary--Hardware	3301					26
27	Income Summary--Appliances	3302					27
28	Income Summary--General	3303					28
29	Sales--Hardware	4101		24611610			29
30	Sales Ret. and Allow.--Hardware	4101.1	100900				30
31	Sales--Appliances	4201		28284680			31
32	Sales Ret. and Allow.--Appliances	4201.1	131790				32
33	Purchases--Hardware	5101	16020530				33

Name _____ Date _____ Class _____

PROBLEM 18-1, continued
[1, 2]

Hardware

Sheet

December 31, 19—

	5	6	7	8	9	10	11	12	
	DEPARTMENTAL MARGIN STATEMENTS				INCOME STATEMENT		BALANCE SHEET		
	HARDWARE		APPLIANCES						
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20
21									21
22									22
23									23
24									24
25									25
26									26
27									27
28									28
29									29
30									30
31									31
32									32
33									33

(continued)

	ACCOUNT TITLE	ACCT. No.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	
34	Pur Ret. and Allow.--Hardware	5101.1		71160			34
35	Purchases--Appliances	5201	16284000				35
36	Pur Ret. and Allow.--Appliances	5201.1		65910			36
37	Advertising Expense--Hardware	6001	299570				37
38	Depr. Exp.--Store Equip., Hardware	6002					38
39	Insurance Expense--Hardware	6003					39
40	Payroll Taxes Exp.--Hardware	6004	317731				40
41	Salary Expense--Hardware	6005	3453600				41
42	Supplies Expense--Hardware	6006					42
43	Advertising Expense--Appliances	6101	423600				43
44	Delivery Expense--Appliances	6102	705000				44
45	Depr. Exp.--Delivery Equip., Appl.	6103					45
46	Depr. Exp.--Store Equip., Appl.	6104					46
47	Insurance Expense--Appliances	6105					47
48	Payroll Taxes Exp.--Appliances	6106	296093				48
49	Salary Expense--Appliances	6107	3218400				49
50	Supplies Expense--Appliances	6108					50
51	Bad Debts Expense	6201	259820				51
52	Depr. Exp.--Office Equip.	6202					52
53	Miscellaneous Expense	6203	1475940				53
54	Payroll Taxes Expense--Admin.	6204	379776				54
55	Rent Expense	6205	2160000				55
56	Salary Expense--Admin.	6206	4128000				56
57	Supplies Expense--Admin.	6207					57
58	Utilities Expense	6208	653940				58
59							59
60							60
61							61
62							62
63	Federal Income Tax	8001	412500				63
64			67284930	67284930			64
65							65
66							66

Name _____ Date _____ Class _____

Preparing departmental margin statements

The work sheet prepared in Problem 18-1 is needed for Problem 18-2.

BURK HARDWARE

Departmental Margin Statement — Hardware

For Year Ended December 31, 19--

	AMOUNTS						% OF NET SALES

The statements prepared in Problem 18-2 are needed for Problem 18-3.

BURK HARDWARE

Departmental Margin Statement — Appliances

For Year Ended December 31, 19--

	AMOUNTS			% OF NET SALES

Name ____________________ Date __________ Class __________

Preparing an income statement for a departmentalized merchandising business

The work sheet prepared in Problem 18-1 and statements prepared in Problem 18-2 are needed for Problem 18-3.

BURK HARDWARE

Income Statement

For Year Ended December 31, 19--

	AMOUNTS		% OF NET SALES

CINDY'S CYCLE SHOP

Departmental Margin Statement — Sales

For Month Ended May 31, 19--

	AMOUNTS			% OF NET SALES

Name _____ Date _____ Class _____

PROBLEM 18-4, concluded

CINDY'S CYCLE SHOP

Departmental Margin Statement — Service

For Month Ended May 31, 19--

	AMOUNTS						% OF NET SALES

Problem 18-M begins on page 204.

HAMMACK'S OFFICE FURNITURE AND SUPPLIES

Income Statement

For Year Ended December 31, 19--

	AMOUNTS				% OF NET SALES

Name _____ Date _____ Class _____ *MASTERY PROBLEM 18-M, continued*

[3]

This page is to be used with page 206.

(continued)

	5	6	7	8	9	10	11	12	
	DEPARTMENTAL MARGIN STATEMENTS				INCOME STATEMENT		BALANCE SHEET		
	FURNITURE		SUPPLIES						
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
36									36
37									37
38									38
39									39
40									40
41									41
42									42
43									43
44									44
45									45
46									46
47									47
48									48
49									49
50									50
51									51
52									52
53									53
54									54
55									55
56									56
57									57
58									58
59									59
60									60
61									61
62									62
63									63
64									64
65									65
66									66
67									67
68									68
69									69
70									70

Preparing a work sheet and end-of-period statements for a departmentalized merchandising business

MASTERY PROBLEM 18-M, continued
[1, 2]

Hammack's Office

Work

For Year Ended

	ACCOUNT TITLE	Acct. No.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	
1	Cash	1101	4692060				1
2	Accounts Receivable	1102	4510890				2
3	Allow. for Uncoll. Accts.	1102.1		70830			3
4	Mdse. Inventory--Furn. Dept.	1103	12097440				4
5	Mdse. Inventory--Suppl. Dept.	1104	7326130				5
6	Prepaid Insurance	1105	1040000				6
7	Supplies	1106	553500				7
8	Delivery Equip.--Furn. Dept.	1201	875000				8
9	Accum. Depr.--Delivery Equip.	1201.1		175000			9
10	Office Equipment	1202	905720				10
11	Accum. Depr.--Office Equip.	1202.1		135860			11
12	Store Equip.--Furn. Dept	1203	679290				12
13	Accum. Depr.-St. Equip., Furn. Dept.	1203.1		203790			13
14	Store Equip.--Supplies Dept.	1204	1811440				14
15	Accum. Depr.-St. Equip., Suppl. Dept	1204.1		543430			15
16	Accounts Payable	2101		4232560			16
17	Salaries Payable	2102					17
18	Employees Income Tax Payable	2103		42560			18
19	FICA Tax Payable	2104		21500			19
20	Unempl. Tax Payable--Federal	2105		9000			20
21	Unempl. Tax Payable--State	2106		48600			21
22	Income Tax Payable	2107		273000			22
23	Sales Tax Payable	2108		302650			23
24	Property Tax Payable	2109		115500			24
25	Capital Stock	3101		20000000			25
26	Retained Earnings	3201		7283565			26
27	Income Summary--Furn. Dept.	3301					27
28	Income Summary--Suppl. Dept.	3302					28
29	Income Summary--General	3303					29
30	Sales--Furniture Dept.	4101		68711770			30
31	Sales Ret. & Allow.--Furn. Dept.	4101.1	329490				31
32	Sales--Supplies Dept.	4201		59779020			32
33	Sales Ret. & Allow.-Suppl. Dept	4201.1	251640				33
34	Purchases--Furn. Dept.	5101	49540860				34
35	Pur. Ret. & Allow--Furn. Dept.	5101.1		528900			35

Name _____ Date _____ Class _____ *MASTERY PROBLEM 18-M, continued*

[3]

Furniture and Supplies

Sheet

December 31, 19--

	5	6	7	8	9	10	11	12	
	DEPARTMENTAL MARGIN STATEMENTS				INCOME STATEMENT		BALANCE SHEET		
	FURNITURE		SUPPLIES						
	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
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33									33
34									34
35									35

MASTERY PROBLEM 18-M, continued
[1, 2]

(continued)

	ACCOUNT TITLE	ACCT. No.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	
36	Purchases--Supplies Dept.	5201	4541 6280				36
37	Pur. Ret. & Allow.--Suppl. Dept.	5201.1		188550			37
38	Advertising Exp.--Furn. Dept.	6001	460865				38
39	Delivery Exp.--Furn. Dept.	6002	1172860				39
40	Depr. Exp.-Del. Equip., Furn. Dept.	6003					40
41	Depr. Exp.-St. Equip., Furn. Dept.	6004					41
42	Insurance Exp.--Furn. Dept.	6005					42
43	Payroll Taxes Exp.--Furn. Dept.	6006	847872				43
44	Salary Exp.--Furn. Dept.	6007	9216000				44
45	Supplies Exp.--Furn. Dept.	6008					45
46	Advertising Exp.--Suppl. Dept.	6101	307240				46
47	Delivery Exp.--Suppl. Dept.	6102	586430				47
48	Depr. Exp.-St. Equip., Suppl. Dept.	6103					48
49	Insurance Exp.--Suppl. Dept.	6104					49
50	Payroll Taxes Exp.--Suppl. Dept.	6105	741888				50
51	Salary Exp.--Supplies Dept.	6106	8064000				51
52	Supplies Exp.--Suppl. Dept.	6107					52
53	Bad Debts Expense	6201	216350				53
54	Depr. Exp.--Office Equip.	6202					54
55	Insurance Expense--Admin.	6203					55
56	Miscellaneous Expense	6204	1178260				56
57	Payroll Taxes Exp.--Admin.	6205	397440				57
58	Property Tax Expense	6206	115500				58
59	Rent Expense	6207	3600000				59
60	Salary Expense--Admin.	6208	4320000				60
61	Supplies Expense--Admin.	6209					61
62	Utilities Expense	6210	623640				62
63							63
64							64
65							65
66							66
67	Federal Income Tax	8101	788000				67
68			16266 6085	16266 6085			68
69							69
70							70

HAMMACK'S OFFICE FURNITURE AND SUPPLIES

Departmental Margin Statement — Furniture

For Year Ended December 31, 19--

	AMOUNTS			% OF NET SALES

[4]

HAMMACK'S OFFICE FURNITURE AND SUPPLIES

Departmental Margin Statement — Supplies

For Year Ended December 31, 19--

	AMOUNTS						% OF NET SALES

Analyzing a departmental margin statement [1]

Name_____ Date_____ Class_____

BONUS PROBLEM 18-B, p. 355

MONAHAN ICE AND FUEL COMPANY
Departmental Margin Statement — Fuel
For Years Ended June 30, 1979 and 1978

	1979 Amounts		% of Net Sales	1978 Amounts		% of Net Sales
Revenue:						
Sales	$264,308.00			$238,146.50		100.5
Less Sales Returns and Allowances	1,314.90			1,215.80		0.5
Net Sales		$262,993.10			$236,930.70	100.0
Cost of Merchandise:						
Merchandise Inventory, Jan. 1	$ 29,452.40			$ 26,775.70		11.3
Purchases	172,870.30			142,465.80		60.1
Total Cost of Merchandise Available	$202,322.70			$169,241.50		71.4
Less Merchandise Inv., Dec. 31	32,692.20			29,452.40		12.4
Cost of Merchandise Sold		169,630.50			139,789.10	59.0
Gross Profit		$ 93,362.60			$ 97,141.60	41.0
Direct Departmental Expenses:						
Advertising Expense	$ 2,630.00			$ 2,606.20		1.1
Bad Debts Expense	2,630.00			2,132.40		0.9
Depreciation Exp. — Delivery Equip.	3,317.00			3,317.00		1.4
Delivery Expense	5,522.80			5,212.50		2.2
Depr. Expense — Storage Equip.	2,132.40			2,132.40		0.9
Insurance Expense	1,841.00			1,658.50		0.7
Payroll Taxes Expense	2,594.70			2,215.15		0.9
Salary Expense	28,929.40			25,588.50		10.8
Supplies Expense	1,840.10			1,895.40		0.8
Total Direct Departmental Expenses		51,437.40			46,758.05	19.7
Departmental Margin		$ 41,925.20			$ 50,383.55	21.3

[2]

CHANGE IN % OF NET SALES	
(a) Cost of Merchandise Sold	
(b) Gross Profit	
(c) Total Direct Departmental Expenses	
(d) Departmental Margin	

[3]

a. Is the departmental margin for the fuel department at a satisfactory percentage of sales? Explain why it is or is not satisfactory.

b. Is the trend of the cost of merchandise sold percentage favorable or unfavorable? Explain why it is or is not favorable. Can you suggest some possible reasons for the change in cost of merchandise sold from 1978 to 1979?

c. Is the trend of the total direct departmental expenses percentage favorable or unfavorable? Explain why the trend is or is not favorable.

Perfect Score . 40

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 19

Unit A — Principles of Cost Accounting for a Manufacturing Business

INSTRUCTIONS: After each question given below, place a check mark (✓) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Does the manufacturing cost of any finished product include only two basic elements?		✓	0. ✓
1. Does a manufacturing business purchase all of the finished goods that it sells?			1.
2. Does a manufacturing business sell merchandise in a form different from that in which the materials are purchased?			2.
3. Should direct labor include only the wages of those working directly on a product?			3.
4. Should direct labor include the wages paid to supervisory personnel?			4.
5. Should factory overhead include the wages paid to maintenance workers?			5.
6. Are the three inventory accounts related to products manufactured (a) materials, (b) labor, and (c) finished goods?			6.
7. Does accounting for the costs of manufacturing a product follow the same sequence as the manufacturing process?			7.
8. Should sufficient materials be on hand so the manufacturing process will not be interrupted?			8.
9. Do manufacturers rarely maintain perpetual inventory records?			9.
10. Should a materials ledger contain either a sheet or a card for each kind of direct material kept in the storeroom?			10.
11. Should each materials ledger record show the quantity on hand of the item of direct materials named?			11.
12. Should each materials ledger record show the minimum quantity of the item of direct materials that should be kept in stock?			12.
13. Should each materials ledger record show the quantity of the item of direct materials that has been ordered?			13.
14. When merchandise is received, is the information entered in the Order columns of the appropriate materials ledger record?			14.
15. Is one cost sheet maintained for all manufacturing jobs in the factory?			15.
16. Should cost sheets usually be given a job number?			16.
17. Should a materials requisition be signed by some person in authority?			17.
18. Should amounts of direct materials recorded on a cost sheet be taken from the original copy of each materials requisition?			18.
19. Is a Job-Time Record used to figure each employee's weekly earnings?			19.
20. Should factory overhead include the amount paid for insurance on the factory building?			20.
21. Is indirect labor classified as a part of direct materials?			21.
22. Should factory overhead expenses be charged to individual job orders at the time the expenses occur?			22.
23. Should factory overhead be distributed among all job orders?			23.
24. Should each requisition of direct materials be recorded in the Received columns of an account in the materials ledger?			24.
25. Are direct materials and direct labor included in factory overhead?			25.

Unit B — Analyzing Cost Accounting for a Manufacturing Business

INSTRUCTIONS: For each of the following items, select the answer that best completes each sentence. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. A materials ledger is usually kept in (A) a bound binder (B) a loose-leaf binder (C) card or sheet form	*C*	0. ✓
26. One of the three basic elements of manufacturing cost of any finished product is (A) payroll taxes (B) direct labor (C) indirect materials		26.
27. One of the three inventories of a manufacturing business is (A) direct labor (B) materials (C) wages of supervisors		27.
28. After issuing materials from the storeroom, the materials clerk gives the original copy of the materials requisition to the (A) cost accounting clerk (B) department foreman (C) factory superintendent		28.
29. The person who records on the cost sheets the cost of materials used on the job is the (A) cost accounting clerk (B) factory superintendent (C) materials clerk		29.
30. When a product is completed all costs of making that product are debited to the inventory account (A) Direct Materials (B) Finished Goods (C) Work in Process		30.
31. When the completed product is sold the cost of the product is transferred from finished goods to (A) factory overhead (B) cost of goods sold (C) direct labor		31.
32. When direct materials are needed in the factory, the form used to authorize the transfer of items from the storeroom to the factory is the (A) cost sheet (B) materials ledger (C) materials requisition		32.

Unit C — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — direct expense
B — direct labor
C — direct materials
D — factory overhead
E — finished goods
F — finished goods ledger
G — indirect labor
H — indirect materials
I — materials ledger
J — work in process
K — work sheet

Column II	Answers	For Scoring
0. An operating expense chargeable to the operation of a single, specific department is called	*A*	0. ✓
33. The record showing the quantity and value of each kind of direct material is called a		33.
34. The wages of workers who make a product are called		34.
35. All products completed are called		35.
36. The wages paid to workers who are not actually making products but who are working in the factory are called		36.
37. Materials that become an identifiable part of a finished product are called		37.
38. Products that are being manufactured but are not yet complete are called		38.
39. All expenses other than direct materials and direct labor that apply to the making of products are called		39.
40. The forms containing a record of all finished goods are called a		40.

Preparing a cost sheet [1, 2]

Name _____ Date _____ Class _____

PROBLEM 19-1, p. 366

COST SHEET

Job. No. _____ Date _____

Item _____ Date wanted _____

No. of items _____ Date completed _____

Ordered for _____

Direct Materials		Direct Labor				Summary	
Req. No.	Amount	Date	Amount	Date	Amount	Item	Amount

Preparing a cost sheet [1, 2]

COST SHEET

Job. No. _____ Date _____

Item _____ Date wanted _____

No. of items _____ Date completed _____

Ordered for _____

Direct Materials		Direct Labor				Summary	
Req. No.	Amount	Date	Amount	Date	Amount	Item	Amount

MASTERY PROBLEM 19-M, p. 366

Recording entries in a materials ledger [1–3]

Name _____ Date _____ Class _____

BONUS PROBLEM 19-B, p. 367

ARTICLE _____ NO. _____

Maximum _____ Minimum _____ Location _____

ORDER			RECEIVED					ISSUED					BALANCE			
Date	Purchase Order No.	Quantity	Date	Purchase Order No.	Quantity	Unit Price	Value	Date	Requisition No.	Quantity	Unit Price	Value	Date	Quantity	Unit Price	Value

ARTICLE _____ NO. _____

Maximum _____ Minimum _____ Location _____

ORDER			RECEIVED					ISSUED					BALANCE			
Date	Purchase Order No.	Quantity	Date	Purchase Order No.	Quantity	Unit Price	Value	Date	Requisition No.	Quantity	Unit Price	Value	Date	Quantity	Unit Price	Value

Perfect Score 48

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 20

Unit A — Recording End-of-Fiscal-Period Transactions for a Manufacturing Business

INSTRUCTIONS: For each of the following transactions, print in the Answers columns the capital letters that identify the accounts to be debited and credited.

Account Title

A — Employees Income Tax Payable

B — Factory Overhead

C — Factory Payroll

D — Factory Supplies

E — FICA Tax Payable

F — Finished Goods

G — Income Summary

H — Materials

I — miscellaneous factory expense accounts

J — Vouchers Payable

K — Work in Process

_____

Transaction

0-0. Record general journal entry for total of direct materials requisitions for the month .....

1-2. Record voucher entry for total factory payroll for the month .....

3-4. Record voucher entry for purchase of direct materials .....

5-6. Record voucher entry for factory supplies bought on account .....

7-8. Record general journal entry to transfer factory expenses to the factory overhead account .....

9-10. Record general journal entry for applied factory overhead for the month .....

11-12. Record general journal entry to close factory overhead account when there is overapplied overhead

13-14. Record general journal entry to close factory overhead account when there is underapplied overhead .....

15-16. Record general journal entry for total of finished goods manufactured during the month .....

17-18. Record general journal entry for excess when periodic inventory of direct materials is larger than the materials account balance ...

19-20. Record general journal entry for excess when the materials account balance is larger than the periodic inventory .....

21-22. Record general journal entry for excess when periodic inventory of work in process is larger than the work in process account balance .

23-24. Record general journal entry for excess when the work in process account balance is larger than the periodic inventory .....

Answers		For Scoring	
Debit	Credit	Debit	Credit
K	*H*	0. ✓	0. ✓
		1.	2.
		3.	4.
		5.	6.
		7.	8.
		9.	10.
		11.	12.
		13.	14.
		15.	16.
		17.	18.
		19.	20.
		21.	22.
		23.	24.

Unit B — Analyzing End-of-Fiscal-Period Procedures for a Manufacturing Business

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Are all costs of manufacturing recorded in the general ledger as a product is being manufactured?		√	0. √
25. Does a statement of cost of goods manufactured give information about the costs of running a factory for a fiscal period?			**25.**
26. Does a payroll register show the distribution of the payroll to the proper general ledger accounts?			**26.**
27. Should the total of all purchases of direct materials be debited to the general ledger account Materials?			**27.**
28. Should the total of all requisitions for direct materials be recorded as a debit to the general ledger account Materials?			**28.**
29. Is the account Materials the controlling account for the materials ledger?			**29.**
30. When a voucher system is used, should a voucher be prepared for each expenditure?			**30.**
31. Should the balance of the general ledger account Materials equal the sum of the balances of all the accounts in the materials ledger?			**31.**
32. Is the balance of each factory overhead expense account transferred to the work in process account?			**32.**
33. Is Factory Overhead credited to record the actual overhead expenses?			**33.**
34. Is applied overhead charged to each individual job at the time the job is completed?			**34.**
35. Is the factory overhead that is recorded on job cost sheets during the month debited to the work in process account at the end of the month?			**35.**
36. Is the credit entry in the factory overhead account the total actual factory overhead expense for the month?			**36.**
37. Is an excess of applied overhead over actual overhead called underapplied overhead?			**37.**
38. Is applied overhead usually equal to actual overhead?			**38.**
39. Is the factory overhead account balance closed into the income summary account?			**39.**
40. Is the finished goods inventory of a manufacturing business similar to the merchandise inventory of a merchandising business?			**40.**
41. Is the cost of goods sold the difference between the credit balance of the finished goods account and the ending periodic inventory of finished goods?			**41.**
42. Does all the information needed for preparing a statement of cost of goods manufactured come from the general ledger accounts?			**42.**
43. Is the amount for factory overhead that appears on the statement of cost of goods manufactured usually the same as the amount of the actual overhead expenses?			**43.**
44. Does the account Purchases appear on an income statement of a manufacturing business?			**44.**
45. Is overapplied overhead listed on the income statement as an addition to the cost of goods sold?			**45.**
46. Is underapplied overhead listed on the income statement as an addition to the cost of goods sold?			**46.**
47. Does the income statement show the materials inventory at the end of the fiscal period?			**47.**
48. Is the balance of the work in process account listed on the balance sheet as a current asset?			**48.**

Name _____ Date _____ Class _____ *Extra form*

Problem 20-1 begins on page 220.

FOR MONTH OF 19 PAGE

	2	3	4	5	6	7		8		
	DISTRIBUTION					GENERAL				
	MATERIALS DEBIT (1104)	SUPPLIES—FACTORY DEBIT (1108)	MISC. EXP.—FACTORY DEBIT (5106)	MISC. EXP.—SALES DEBIT (6104)	MISC. EXP.—ADMIN. DEBIT (6205)	ACCOUNT	POST REF.	AMOUNT DEBIT	AMOUNT CREDIT	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
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31										31
32										32

PAGE 1

VOUCHER REGISTER

	DATE	CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	VOUCHERS PAYABLE CREDIT (2101)	
1							1
2							2
3							3
4							4
5							5
6							6
7							7
8							8
9							9
10							10
11							11
12							12
13							13
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25							25
26							26
27							27
28							28
29							29
30							30
31							31
32							32

Name _____ Date _____ Class _____

FOR MONTH OF 19 PAGE

	2	3	4	5	6	7		8	
	DISTRIBUTION					GENERAL			
	MATERIALS DEBIT (1104)	SUPPLIES—FACTORY DEBIT (1108)	MISC. EXP.—FACTORY DEBIT (5106)	MISC. EXP.—SALES DEBIT (6104)	MISC. EXP.—ADMIN. DEBIT (6205)	ACCOUNT	POST REF.	AMOUNT DEBIT	AMOUNT CREDIT	
1										1
2										2
3										3
4										4
5										5
6										6
7										7
8										8
9										9
10										10
11										11
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29										29
30										30
31										31
32										32

Journalizing the entries that summarize the cost records at the end of the month

PROBLEM 20-2, p. 383
[1, 3]

Completed Problem 20-2 will be needed to do Problem 20-3.

GENERAL LEDGER

ACCOUNT Depreciation Expense - Building ACCOUNT NO. 5101

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			133400	

ACCOUNT Depreciation Expense - Factory Equipment ACCOUNT NO. 5102

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			489000	

ACCOUNT Heat, Light, and Power ACCOUNT NO. 5104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			370400	

ACCOUNT Insurance Expense - Factory ACCOUNT NO. 5105

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			62400	

ACCOUNT Miscellaneous Expense - Factory ACCOUNT NO. 5106

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			359600	

Name _____ Date _____ Class _____

PROBLEM 20-2, continued
[1, 2, 3, 5]

GENERAL LEDGER

ACCOUNT Payroll Taxes Expense - Factory ACCOUNT NO. 5107

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			550000	

ACCOUNT Property Tax Expense - Factory ACCOUNT NO. 5108

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			242400	

ACCOUNT Supplies Expense - Factory ACCOUNT NO. 5109

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			515600	

ACCOUNT Materials ACCOUNT NO. 1104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	31	Balance	✓			11855000	

ACCOUNT Work in Process ACCOUNT NO. 1105

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	1	Balance	✓			1139800	

GENERAL LEDGER

ACCOUNT Finished Goods ACCOUNT NO. 1106

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Mar.	1	Balance	✓			100126 00	

ACCOUNT Factory Overhead ACCOUNT NO. 5103

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Employees Income Tax Payable ACCOUNT NO. 2102

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT FICA Tax Payable ACCOUNT NO. 2103

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Income Summary ACCOUNT NO. 3300

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

Name _____ Date _____ Class _____

PROBLEM 20-2, continued
[3, 4, 5]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	VOUCHERS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
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25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

PAGE

VOUCHER REGISTER

1

	DATE		CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	VOUCHERS PAYABLE CREDIT (2101)	
1								1
2								2
3								3
4								4
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9								9
10								10
11								11
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26								26
27								27
28								28
29								29
30								30
31								31
32								32

Name _____ Date _____ Class _____

PROBLEM 20-2, concluded
[2]

FOR MONTH OF 19 PAGE

	2	3	4	5	6	7	8		
	DISTRIBUTION					GENERAL			
	MATERIALS DEBIT (1104)	SUPPLIES—FACTORY DEBIT (1108)	MISC. EXP.—FACTORY DEBIT (5106)	MISC. EXP.—SALES DEBIT (6104)	MISC. EXP.—ADMIN. DEBIT (6205)	ACCOUNT	POST REF.	AMOUNT DEBIT	AMOUNT CREDIT	
1										1
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32										32

Preparing a statement of cost of goods manufactured

Completed Problem 20-2 is needed to do Problem 20-3.

Name _____ Date _____ Class _____

MASTERY PROBLEM 20-M, p. 385

[1, 3]

Journalizing the entries that summarize the cost records at the end of the month and preparing a statement of cost of goods manufactured

GENERAL LEDGER

ACCOUNT Depreciation Expense - Building ACCOUNT NO. 5101

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			186760	

ACCOUNT Depreciation Expense - Factory Equipment ACCOUNT NO. 5102

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			684600	

ACCOUNT Heat, Light, and Power ACCOUNT NO. 5104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			518560	

ACCOUNT Insurance Expense - Factory ACCOUNT NO. 5105

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			87360	

ACCOUNT Miscellaneous Expense - Factory ACCOUNT NO. 5106

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			503440	

GENERAL LEDGER

ACCOUNT Payroll Taxes Expense - Factory ACCOUNT NO. 5107

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			770000	

ACCOUNT Property Tax Expense - Factory ACCOUNT NO. 5108

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			339360	

ACCOUNT Supplies Expense - Factory ACCOUNT NO. 5109

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			721840	

ACCOUNT Materials ACCOUNT NO. 1104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	28	Balance	✓			16597000	

ACCOUNT Work in Process ACCOUNT NO. 1105

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	1	Balance	✓			1595720	

Name _____ Date _____ Class _____ *MASTERY PROBLEM 20-M, continued*

[1–5]

GENERAL LEDGER

ACCOUNT Finished Goods ACCOUNT NO. 1106

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Feb.	1	Balance	✓			14103200	

ACCOUNT Factory Overhead ACCOUNT NO. 5103

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Employees Income Tax Payable ACCOUNT NO. 2102

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT FICA Tax Payable ACCOUNT NO. 2103

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Income Summary ACCOUNT NO. 3300

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

[2]

VOUCHER REGISTER

PAGE 1

	DATE	CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	VOUCHERS PAYABLE CREDIT (2101)	
1							1
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3							3
4							4
5							5

GENERAL JOURNAL

[3, 4, 5]

PAGE

	1 VOUCHERS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
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21								21
22								22
23								23

Name _____ Date _____ Class _____ *MASTERY PROBLEM 20-M, concluded*

[2]

FOR MONTH OF 19 PAGE

	2	3	4	5	6	7	8	
	DISTRIBUTION					GENERAL		
	MATERIALS DEBIT (1104)	SUPPLIES—FACTORY DEBIT (1108)	MISC. EXP.—FACTORY DEBIT (5106)	MISC. EXP.—SALES DEBIT (6104)	MISC. EXP.—ADMIN. DEBIT (6205)	ACCOUNT	POST REF.	AMOUNT DEBIT	AMOUNT CREDIT	
1										1
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5										5

[6]

Name _____ Date _____ Class _____

BONUS PROBLEM 20-B, p. 386
[1, 3]

Journalizing the entries that summarize the cost records at the end of the month

GENERAL LEDGER

ACCOUNT Depreciation Expense - Building ACCOUNT NO. 5101

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			72000	

ACCOUNT Depreciation Expense - Factory Equipment ACCOUNT NO. 5102

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			147200	

ACCOUNT Heat, Light, and Power ACCOUNT NO. 5104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			231000	

ACCOUNT Insurance Expense - Factory ACCOUNT NO. 5105

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			38400	

ACCOUNT Miscellaneous Expense - Factory ACCOUNT NO. 5106

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			432000	

GENERAL LEDGER

ACCOUNT Payroll Taxes Expense - Factory ACCOUNT NO. 5107

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			549000	

ACCOUNT Property Tax Expense - Factory ACCOUNT NO. 5108

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			181200	

ACCOUNT Supplies Expense - Factory ACCOUNT NO. 5109

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			460800	

ACCOUNT Materials ACCOUNT NO. 1104

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	30	Balance	✓			13890000	

ACCOUNT Work in Process ACCOUNT NO. 1105

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	1	Balance	✓			4896000	

Name _____ Date _____ Class _____

BONUS PROBLEM 20-B, continued
[1–5, 7]

GENERAL LEDGER

ACCOUNT Finished Goods — ACCOUNT NO. 1106

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT
19-- Apr.	1	Balance	✓			3645000	

ACCOUNT Factory Overhead — ACCOUNT NO. 5103

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Employees Income Tax Payable — ACCOUNT NO. 2102

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT FICA Tax Payable — ACCOUNT NO. 2103

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT Income Summary — ACCOUNT NO. 3300

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

[2]

PAGE

VOUCHER REGISTER

	DATE	CREDITOR	VCHR. NO.	PAID DATE	PAID CK. NO.	1 VOUCHERS PAYABLE CREDIT (2101)	
1							1
2							2
3							3
4							4
5							5

[3, 4, 5, 7]

GENERAL JOURNAL

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	1 VOUCHERS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
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24								24
25								25
26								26

Name _____ Date _____ Class _____

BONUS PROBLEM 20-B, concluded

[2]

FOR MONTH OF 19 PAGE

	2	3	4	5	6	7	8		
	DISTRIBUTION					GENERAL			
	MATERIALS DEBIT (1104)	SUPPLIES—FACTORY DEBIT (1108)	MISC. EXP.—FACTORY DEBIT (5106)	MISC. EXP.—SALES DEBIT (6104)	MISC. EXP.—ADMIN. DEBIT (6205)	ACCOUNT	POST REF.	AMOUNT DEBIT	AMOUNT CREDIT	
1										1
2										2
3										3
4										4
5										5

[6]

Perfect Score . 40

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 21

Unit A — Analyzing Accounts Receivable and Uncollectible Accounts

INSTRUCTIONS: Determine if each of the statements below is true or false. Place a check mark in the Answers column to show your decision.

	Answers True	Answers False	For Scoring
0. The widespread use of credit by businesses and individuals has contributed to the expansion of the American economy	✓		0. ✓
1. Most businesses usually investigate the credit rating of a new charge customer			1.
2. Despite the care taken in granting credit to charge customers, some charge accounts eventually become uncollectible			2.
3. A business usually can determine in advance which charge customers eventually will fail to pay			3.
4. Uncollectible accounts are also known as bad debts			4.
5. A business realizes revenue when an account receivable is determined to be uncollectible			5.
6. For income tax purposes, the Internal Revenue Service permits a business to use the allowance method of recording bad debts expense			6.
7. For income tax purposes, the Internal Revenue Service also permits a business to use the direct write-off method of recording bad debts expense			7.
8. The allowance method of recording bad debts expense is the most efficient procedure for a business with few accounts receivable and few losses from uncollectible accounts			8.
9. The account Bad Debts Collected is classified as an operating expense			9.
10. The direct write-off method of recording bad debts expense is recommended for a business with many accounts receivable and a large number of uncollectible accounts			10.
11. To determine the book value of Accounts Receivable, the amount expected to be uncollectible is added to the balance of the accounts receivable account			11.
12. To show the accurate financial condition of a business, the estimated amount of uncollectible accounts is included on the balance sheet			12.
13. An estimate of the amount of uncollectible accounts should be based on the past experience of a business			13.
14. An estimate of the amount of uncollectible accounts also can be based on a specific percentage of net sales			14.
15. An estimate of the amount of uncollectible accounts also can be based on a specific percentage of the balance in the accounts receivable account			15.
16. In the allowance method of recording uncollectible accounts, an adjusting entry is made at the end of a fiscal period to record the estimate			16.
17. In the allowance method of recording uncollectible accounts, the names of customers whose accounts will become uncollectible are known at the time the amount of bad debts expense is estimated			17.
18. The accounts receivable turnover is figured by dividing the net amount of charge sales for the year by the average book value of accounts receivable			18.
19. Decreasing accounts receivable turnover figures from 1978 to 1979 indicate that the amounts due from charge customers are being collected more frequently in 1979 than in past years			19.
20. With terms of sale of 1/10, n/30, an accounts receivable turnover of 12 indicates that charge customers are taking the full allowable time to pay their accounts			20.

Unit B — Recording Transactions for Uncollectible Accounts

INSTRUCTIONS: For each of the transactions below, determine the debit and credit parts of the entry. Print in the Answers columns the capital letters identifying the accounts to be debited and credited.

Account titles:
- A — Accounts Receivable
- B — Allowance for Uncoll. Accts.
- C — Bad Debts Collected
- D — Bad Debts Expense
- E — Cash
- F — Kenton Carver
- G — Miranda Lopez
- H — Sally Chan

Transactions	Answers: Debit	Answers: Credit	For Scoring: Debit	For Scoring: Credit
0-0. Cash received on account from Sally Chan	*E*	*A, H*	0. ✓	0. ✓
21-22. Using the direct write-off method, write off the account of Kenton Carver			21.	22.
23-24. Received cash from Kenton Carver in full payment of account written off in Transaction 21-22 above. Record the entry to reinstate his account			23.	24.
25-26. Record the entry for the cash received from Mr. Carver			25.	26.
27-28. Using the allowance method, record the adjusting entry for bad debts expense			27.	28.
29-30. Using the allowance method, write off the account of Miranda Lopez			29.	30.
31-32. Received cash from Miranda Lopez in full payment of account written off in Transaction 29-30 above. Record the entry to reinstate her account			31.	32.
33-34. Record the entry for the cash received from Ms. Lopez			33.	34.

Unit C — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best describes the statements in Column II. Print the identifying letter of that term in the Answers column.

Column I

- A — accounts receivable turnover rate
- B — aging accounts receivable
- C — allowance method
- D — bad debts expense
- E — book value of accounts receivable
- F — direct write-off method
- G — reopening an account
- H — uncollectible accounts
- I — writing off an account

Column II	Answers	For Scoring
0. The number of times the average amount of accounts receivable is collected in a year	*A*	0. ✓
35. Recording the bad debts expense when the account is actually determined uncollectible regardless of when the charge sale was made		35.
36. The difference between the total amount of accounts receivable and the amount estimated to be uncollectible		36.
37. Analyzing accounts receivable according to when the amounts are due		37.
38. Canceling the balance of a charge customer's account because the customer cannot or will not pay the amount due		38.
39. Recording an estimated amount for bad debts expense in the fiscal period in which the charge sales are made		39.
40. Accounts receivable from whom amounts due cannot be collected		40.

Direct write-off of uncollectible accounts

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	SALES DISCOUNT DEBIT (5)	CASH DEBIT (6)	
1												1
2												2
3												3

GENERAL JOURNAL

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	ACCOUNTS PAYABLE DEBIT (1)	GENERAL DEBIT (2)	DATE	ACCOUNT TITLE	Post. Ref.	GENERAL CREDIT (3)	ACCOUNTS RECEIV. CREDIT (4)	
1								1
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18								18

Name _____ Date _____ Class _____

PROBLEM 21-1, p. 401

Estimating bad debts expense by aging accounts receivable

PROBLEM 21-2, p. 401

[1]

SCHEDULE OF ACCOUNTS RECEIVABLE BY AGE
December 31, 19--

Customer's name	Account balance	Age of account balance: Not yet due	1–30 days past due	31–60 days past due	61–90 days past due	91–120 days past due	Over 120 days past due
Ambrose Bartel	292.50				130.00	162.50	
Carmen Junco	225.00	225.00					
Abdulla Rafie	294.40	192.10	102.30				
Marty Youngblood	84.50						84.50
TOTALS	13,536.20	10,223.20	877.50	603.20	1,101.10	480.70	250.50
Estimated percent uncollectible	—	1	2	5	9	15	30

Age of balance owed	Total in each age	Percentage uncollectible	Estimated amount of bad debts expense
Not yet due	$_____	_____%	$_____
1–30 days past due	_____	_____	_____
31–60 days past due	_____	_____	_____
61–90 days past due	_____	_____	_____
91–120 days past due	_____	_____	_____
Over 120 days past due	_____	_____	_____
Totals	$_____		$_____

[2]

GENERAL JOURNAL

PAGE

	1 ACCOUNTS PAYABLE DEBIT	2 GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	3 GENERAL CREDIT	4 ACCOUNTS RECEIV. CREDIT	
1								1
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3								3
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5								5

Name _____ Date _____ Class _____

PROBLEM 21-3, p. 402
[1, 2]

Using the allowance method of estimating and recording bad debts expense

GENERAL LEDGER

ACCOUNT _____ ACCOUNT NO. _____

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

ACCOUNT _____ ACCOUNT NO. _____

DATE	ITEM	Post. Ref.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

CASH RECEIPTS JOURNAL

PAGE

	DATE	ACCOUNT TITLE	Doc. No.	Post. Ref.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	SALES DISCOUNT DEBIT (5)	CASH DEBIT (6)	
1											1
2											2

GENERAL JOURNAL

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	ACCOUNTS PAYABLE DEBIT (1)	GENERAL DEBIT (2)	DATE	ACCOUNT TITLE	Post. Ref.	GENERAL CREDIT (3)	ACCOUNTS RECEIV. CREDIT (4)	
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19								19

PROBLEM 21-3, concluded
[2]

Entries affecting Allowance for Uncollectible Accounts

Name _____ Date _____ Class _____

MASTERY PROBLEM 21-M, p. 403

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	SALES DISCOUNT DEBIT (5)	CASH DEBIT (6)	
1												1
2												2
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GENERAL JOURNAL

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	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
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31								31
32								32

Name _____ Date _____ Class _____

BONUS PROBLEM 21-B, p. 403

Entries affecting Allowance for Uncollectible Accounts [1, 2]

ACCOUNT _____ ACCOUNT NO. _____

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE DEBIT	BALANCE CREDIT

[2]

CASH RECEIPTS JOURNAL

PAGE _____

	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	SALES CREDIT (3)	ACCOUNTS RECEIVABLE CREDIT (4)	SALES DISCOUNT DEBIT (5)	CASH DEBIT (6)	
1												1
2												2
3												3

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
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31								31
32								32

Perfect Score . 48

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 22

Unit A — Accounting Procedures for Depreciation

INSTRUCTIONS: Determine if each of the statements below is true or false. Indicate your decision by placing a check mark in the Answers columns.

	Answers True	Answers False	For Scoring
0. Plant assets are sometimes known as fixed assets	✓		0. ✓
1. Most plant assets increase in value as they become older			1.
2. Depreciation expense on land is normally recorded at the end of each fiscal period			2.
3. The estimated life of a plant asset must be considered when figuring depreciation expense			3.
4. The original cost of a plant asset includes all of the costs of getting the asset ready for use			4.
5. The estimated salvage value of a plant asset is also known as its trade-in value			5.
6. The estimated salvage value of a plant asset is sometimes known as its scrap value			6.
7. The amount to be recorded as depreciation expense during the useful life of a plant asset is the difference between the cost and the total estimated salvage value of the asset			7.
8. The Internal Revenue Service provides guidelines that may be used in estimating the useful life of many plant assets			8.
9. Some plant assets depreciate faster in the earlier years of their lives than in later years			9.
10. In the declining-balance method, a rate of depreciation of twice the straight-line method rate may be used			10.
11. In the declining-balance method, the rate of depreciation is applied each fiscal period against the book value of the asset			11.
12. In the declining-balance method, larger amounts of depreciation expense are recorded in the earlier years of the plant asset's life than in later years			12.
13. In the straight-line method, larger amounts of depreciation expense are recorded in the earlier years of a plant asset's life than in later years			13.
14. In the sum-of-the-years-digits method, larger amounts of depreciation expense are recorded in the earlier years of a plant asset's life than in later years			14.
15. The depreciation expense recorded during the last year of a plant asset's useful life is greater under the declining-balance method than under the straight-line method			15.
16. The depreciation expense recorded during the last year of a plant asset's useful life is greater under the straight-line method than under the sum-of-the-years-digits method			16.
17. The balance of a plant asset account is the total book value of all items recorded in that account			17.
18. When a plant asset is disposed of, the depreciation must be recorded from the start of the current fiscal period to the date of disposal			18.
19. The adjusting entry to record depreciation expense is the same, except for the amounts, regardless of the method used to figure the amounts			19.
20. Some plant assets, such as mineral deposits, decrease in value because of the removal of part of the asset			20.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best describes the statements in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — assessed value
B — book value of a plant asset
C — declining-balance method
D — depletion
E — depreciation
F — personal property
G — plant assets
H — plant assets register
I — production-unit method
J — real property
K — salvage value
L — straight-line method
M — sum-of-the-years-digits method

Column II

	Answers	For Scoring
0. The decrease in the value of a plant asset because of its removal from the land	*D*	0. ✓
21. A book or record that contains the details of cost and depreciation of individual plant assets		21.
22. The amount that the owner of a plant asset expects to receive at the end of the plant asset's useful life		22.
23. Land and anything permanently attached to the land		23.
24. Assets that will be used for a number of years in the operation of a business		24.
25. The original cost minus the total amount of recorded depreciation of a plant asset		25.
26. All property not classified as real property		26.
27. Charging the same amount of expense in each fiscal period of a plant asset's useful life is called the _____ of figuring depreciation		27.
28. The decrease in value of a plant asset because of use and the passage of time		28.
29. Multiplying the book value at the end of each fiscal period by a constant rate is called the _____ of figuring depreciation		29.
30. A value placed on property by tax authorities for the purpose of figuring taxes		30.
31. Figuring annual depreciation on the basis of the amount of production expected from a plant asset is called the _____ of figuring depreciation		31.
32. Using fractions based on the years of useful life of a plant asset is called the _____ of figuring depreciation		32.

Unit C — Analyzing Transactions for Depreciation and Plant Assets

INSTRUCTIONS: Determine the debit and credit accounts for each of the transactions listed below. Print the identifying letter for the accounts affected in the Answers columns.

Account Titles

A — Accumulated Depr. — Building
B — Accumulated Depr. — Equipment
C — Building
D — Cash
E — Depreciation Expense — Equipment
F — Equipment
G — Gain on Plant Assets
H — Land
I — Loss on Plant Assets

Transactions	Answers: Debit	Answers: Credit	For Scoring: Dr.	For Scoring: Cr.
0-0. Depreciation expense on equipment	*E*	*B*	0. ✓	0. ✓
33-34. Record additional depreciation of equipment at the time plant asset is disposed of			33.	34.
35-36. Discarded equipment that has a book value			35.	36.
37-38. Sold equipment for cash for more than book value			37.	38.
39-40. Sold equipment for cash at less than book value			39.	40.
41-42. Bought equipment for cash and traded in old equipment			41.	42.
43-44. Sold a building for cash at less than its book value			43.	44.
45-46. Bought land for cash			45.	46.
47-48. Discarded equipment with no book value			47.	48.

Name _____ Date _____ Class _____

PROBLEM 22-1, p. 423
[1, 2]

Figuring depreciation expense by three common methods

Plant Asset Cost: $7,500.00 **Estimated Life: 5 years** **Salvage Value: $570.00**

	Straight-line depreciation		Declining-balance depreciation		Sum-of-the-years-digits depreciation	
Year	Rate	Amount	Rate	Amount	Fraction	Amount
1						
2						
3						
4						
5						
Total depreciation						
Book value end of 5th year						

PAGE 3

PLANT ASSETS REGISTER - Office Equipment

	DATE OF PURCHASE		DESCRIPTION	COST	ESTIMATED SALVAGE VALUE	LIFE OF ASSETS IN YEARS	ANNUAL DEPR.	
1	19-- July	1	Desk	20000	2500	10	1750	1
2		1	Desk	35000	5000	10	3000	2
3		1	Chair	4500	500	5	800	3
4		1	Chair	6000	500	5	1100	4
5		1	Typewriter	45000	5000	5	8000	5
6		1	Filing Cabinets (4, 4-drawer)	15000	1000	10	1400	6
7	Oct.	3	Calculating Machine	50000	10000	10	4000	7
8	19-- Jan.	2	Desk	40000	5000	10	3500	8
9		2	Chair	6000	500	5	1100	9
10		2	Typewriter	45000	5000	5	8000	10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Name _____ Date _____ Class _____

PLANT ASSETS REGISTER – Office Equipment

PAGE 3

	ACCUMULATED DEPR.		DEPRECIATION FOR				CARRIED FORWARD	BOOK VALUE	DISPOSITION	
	YRS.	AMOUNT	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER				
1	1½	2625								1
2	1½	4500								2
3	1½	1200								3
4	1½	1650								4
5	1½	12000								5
6	1½	2100								6
7	1¼	5000								7
8	1	3500								8
9	1	1100								9
10	1	8000								10
11										11
12										12
13										13
14										14
15										15
16										16
17										17
18										18
19										19
20										20
21										21
22										22
23										23
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28										28
29										29
30										30
31										31
32										32

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

Name_____ Date_____ Class_____

PROBLEM 22-2, concluded

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	POST. REF.	GENERAL DEBIT (1)	GENERAL CREDIT (2)	PURCHASES DEBIT (3)	PURCHASES DISCOUNT CREDIT (4)	ACCOUNTS PAYABLE DEBIT (5)	CASH CREDIT (6)	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8
9												9
10												10
11												11
12												12
13												13
14												14
15												15
16												16
17												17
18												18
19												19
20												20
21												21
22												22

Recording entries for depreciation expense and for disposing of plant assets [2, 3]

CASH RECEIPTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	Doc. No.	Post. Ref.	1 GENERAL DEBIT	2 GENERAL CREDIT	3 SALES CREDIT	4 SALES TAX PAYABLE CREDIT	5 ACCOUNTS RECEIVABLE CREDIT	6 SALES DISCOUNT DEBIT	7 CASH DEBIT	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
8													8

[4]

CASH PAYMENTS JOURNAL

PAGE

	DATE		ACCOUNT TITLE	CK. NO.	Post. Ref.	1 GENERAL DEBIT	2 GENERAL CREDIT	3 PURCHASES DEBIT	4 PURCHASES DISCOUNT CREDIT	5 ACCOUNTS PAYABLE DEBIT	6 CASH CREDIT	
1												1
2												2
3												3
4												4
5												5
6												6
7												7
8												8

MASTERY PROBLEM 22-M, p. 425

Name _____ Date _____ Class _____ *MASTERY PROBLEM 22-M, concluded*
[1–4]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
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29								29
30								30
31								31
32								32

Using several methods to estimate and record depreciation expense

BONUS PROBLEM 22-B, p. 425

Plant Asset Cost: $63,000.00
Estimated Useful Life: Production of 90,000 units or 12 years
Salvage Value: $9,000.00

Method of Depreciation	Amount of Depreciation Expense December 31, 1977
(1) Straight-line method of depreciation	$_____
(2) Declining-balance method of depreciation	_____
(3) Sum-of-the-years-digits method of depreciation	_____
(4) Production-unit method of depreciation	_____

Use space below for any necessary calculations.

Perfect Score . 36

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 23

Unit A — Analyzing Prepaid and Accrued Items

INSTRUCTIONS: Determine if each of the following statements is true or false. Place a check mark in the Answers column to show your decision.

	Answers True	Answers False	For Scoring
0. Some businesses receive revenue before it is earned	✓		0. ✓
1. The balance of the supplies account before adjusting entries represents the value of these supplies used by the business during the fiscal period			1.
2. After an adjusting entry for supplies, the balance of the supplies account is the amount of such supplies used during the fiscal period			2.
3. After the adjusting entry for prepaid insurance, the balance of the insurance expense account is the value of insurance premiums that have expired during the fiscal period			3.
4. When prepaid expenses are recorded as assets, an adjusting entry is made at the end of each fiscal period to transfer part of the assets consumed to an appropriate liability account			4.
5. When prepaid expenses are recorded directly in expense accounts at the time the materials or services are bought, the expense accounts must be adjusted at the end of a fiscal period			5.
6. When supplies are recorded as assets when bought, a reversing entry is recorded at the beginning of a new fiscal period			6.
7. When insurance premiums are recorded as an expense when paid, a reversing entry is recorded at the beginning of a new fiscal period for prepaid insurance			7.
8. The most commonly used method of accounting for prepaid expenses is to record them as expenses at the time the material or service is bought			8.
9. Interest expense that has been incurred but not paid is an example of an accrued expense			9.
10. After the adjusting entry for accrued salary expense has been recorded and posted, the balance of the salaries payable account represents the amount of salaries owed but not yet paid			10.
11. After the reversing entry for accrued salary expense, the salaries payable account has a zero balance			11.
12. Some businesses earn revenue before it is received			12.
13. Revenue received in advance is an asset of the business receiving it until the service is rendered or the merchandise is delivered			13.
14. When revenue received in advance is credited directly to a revenue account, an adjusting entry is made at the end of a fiscal period for the unearned part of the revenue			14.
15. A reversing entry is needed when rent income received in advance is recorded as revenue			15.
16. After the reversing entry for accrued interest income, the interest receivable account has a zero balance			16.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best describes the statements in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — accrual basis accounting
B — accrued expenses
C — accrued revenue
D — cash basis accounting
E — prepaid expenses
F — revenue received in advance
G — reversing entry

Column II	Answers	For Scoring
0. Expenses paid in one fiscal period but which do not become expenses until a later fiscal period	*E*	0. √
17. Charging to a fiscal period only those revenues actually received and expenses actually paid, regardless of when earned or incurred		**17.**
18. An entry made at the beginning of one fiscal period that is the opposite of an adjusting entry for a previous fiscal period		**18.**
19. Expenses incurred in one fiscal period but not paid until a later fiscal period		**19.**
20. Charging to a fiscal period only those revenues earned and expenses incurred, regardless of when cash is actually received or paid		**20.**
21. Revenue that is received in one fiscal period but which is not earned until a later fiscal period		**21.**
22. Revenue earned in one fiscal period but not received until the next fiscal period		**22.**

Unit C — Analyzing Selected Transactions for Prepaid and Accrued Items

INSTRUCTIONS: Determine the debit and credit parts for each transaction listed below. Print the identifying letter for the accounts affected in the Answers columns.

Account Titles

A — Cash
B — Insurance Expense
C — Interest Expense
D — Interest Income
E — Interest Payable
F — Interest Receivable
G — Prepaid Insurance
H — Rent Income
I — Rent Received in Advance
J — Supplies
K — Supplies Expense

Transactions	Answers		For Scoring	
	Debit	Credit	Dr.	Cr.
0-0. Cash received for rental of building when revenue received in advance is recorded as revenue	*A*	*H*	0. √	0. √
23-24. The adjusting entry for supplies expense when supplies initially recorded as an expense			**23.**	**24.**
25-26. The adjusting entry for prepaid insurance when premiums initially recorded as an expense			**25.**	**26.**
27-28. The adjusting entry for rent received in advance when revenue initially recorded as a liability			**27.**	**28.**
29-30. The adjusting entry for rent received in advance when initially recorded as revenue			**29.**	**30.**
31-32. The reversing entry for accrued interest expense			**31.**	**32.**
33-34. The adjusting entry for accrued interest income			**33.**	**34.**
35-36. The reversing entry for accrued interest income			**35.**	**36.**

Name _____ Date _____ Class _____

PROBLEM 23-1, p. 439

Adjusting and reversing entries for prepaid and accrued items

[3]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
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27								27
28								28
29								29
30								30
31								31
32								32

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
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18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

[1, 2]

The Zamora Company

Work Sheet

For Year Ended December 31, 19--

	ACCOUNT TITLE	ACCT. No.	TRIAL BALANCE DEBIT (1)	TRIAL BALANCE CREDIT (2)	ADJUSTMENTS DEBIT (3)	ADJUSTMENTS CREDIT (4)	INCOME STATEMENT DEBIT (5)	INCOME STATEMENT CREDIT (6)	BALANCE SHEET DEBIT (7)	BALANCE SHEET CREDIT (8)	
1	Supplies		2067 00								1
2	Prepaid Insurance		3194 00								2
3	Interest Receivable										3
4	Salaries Payable										4
5	Empl. Inc. Tax Pay.--Fed.			245 00							5
6	FICA Tax Payable			90 00							6
7	Unempl. Tax Pay.--Fed.			7 50							7
8	Unempl. Tax Pay.--State			40 50							8
9	Interest Payable										9
10	Rent Received in Advance			6000 00							10
11	Corp. Inc. Tax Pay.--Fed.										11
12	Property Tax Payable										12
13	Insurance Expense										13
14	Payroll Taxes Expense		1504 00								14
15	Salary Expense		17250 00								15
16	Supplies Expense										16
17	Interest Income			35 40							17
18	Rent Income										18
19	Interest Expense		48 50								19
20	Federal Income Tax		2213 75								20
21	Property Tax		948 75								21
22											22
23											23
24											24
25											25

Name _____ Date _____ Class _____

PROBLEM 23-1, concluded

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25

Extra form

Name _____ Date _____ Class _____

PROBLEM 23-2, p. 441

Adjusting entries for prepaid and accrued items [3]

GENERAL JOURNAL

PAGE

	1	2				3	4	
	ACCOUNTS PAYABLE DEBIT	GENERAL DEBIT	DATE	ACCOUNT TITLE	POST. REF.	GENERAL CREDIT	ACCOUNTS RECEIV. CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32								32

[1, 2]

The Delmario Company

Work Sheet

For Year Ended December 31, 19—

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
1	Supplies		33345								1
2	Prepaid Insurance		121030								2
3	Interest Receivable		1250								3
4	Interest Payable			600							4
5	Rent Received in Advance			50000							5
6	Corp. Inc. Tax Pay.—Fed.			19723							6
7	Property Tax Payable			8450							7
8	Insurance Expense		313000								8
9	Supplies Expense		206700								9
10	Interest Income			3460							10
11	Rent Income			720000							11
12	Interest Expense										12
13	Federal Income Tax		241000								13
14	Property Tax		84100								14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25

PROBLEM 23-2, concluded

End-of-fiscal-period work including prepaid and accrued items [1–3]

Name _____ Date _____ Class _____

Wilcoxin Corporation

Work Sheet

For Month Ended June 30, 19--

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
1	Cash	1101	996702								1
2	Petty Cash	1102	30000								2
3	Accounts Receivable	1103	2489307								3
4	Allow. for Uncoll. Accts.	1103.1		46050							4
5	Notes Receivable	1104	262500								5
6	Merchandise Inventory	1105	4617860								6
7	Supplies	1106	385170								7
8	Prepaid Insurance	1107	441000								8
9	Interest Receivable	1108									9
10	Equipment	1201	3121200								10
11	Accum. Depr.--Equipment	1201.1		416100							11
12	Building	1202	5250000								12
13	Accum. Depr.--Building	1202.1		450000							13
14	Land	1203	1875000								14
15	Accounts Payable	2101		782700							15
16	Notes Payable	2102		157500							16
17	Salaries Payable	2103									17
18	Empl. Inc. Tax Pay.--Fed.	2104		56963							18
19	FICA Tax Payable	2105		48825							19
20	Unempl. Tax Pay.--Fed.	2106		2035							20
21	Unempl. Tax Pay.--State	2107		10986							21
22	Rent Received in Advance	2108		150000							22
23	Interest Payable	2109									23
24	Corp. Inc. Tax Pay.--Fed.	2110									24
25	Property Tax Payable	2111									25

Continue this work sheet on the next page.

[1–3] *continued*

	ACCOUNT TITLE	ACCT. NO.	1 TRIAL BALANCE DEBIT	2 TRIAL BALANCE CREDIT	3 ADJUSTMENTS DEBIT	4 ADJUSTMENTS CREDIT	5 INCOME STATEMENT DEBIT	6 INCOME STATEMENT CREDIT	7 BALANCE SHEET DEBIT	8 BALANCE SHEET CREDIT	
1	Capital Stock	3010		15000000							1
2	Retained Earnings	3020		797419							2
3	Income Summary	3090									3
4	Sales	4001		36388126							4
5	Sales Returns & Allow.	4001.1	113510								5
6	Sales Discount	4001.2	157018								6
7	Purchases	5001	33877670								7
8	Purchases Ret. & Allow.	5001.1		105675							8
9	Purchases Discount	5001.2		213330							9
10	Advertising Expense	6101	45000								10
11	Bad Debts Expense	6102									11
12	Delivery Expense	6103	51240								12
13	Depreciation Exp.--Building	6104									13
14	Depreciation Exp.--Equip.	6105									14
15	Insurance Expense	6106									15
16	Miscellaneous Expense	6107	149880								16
17	Payroll Taxes Expense	6108	37433								17
18	Salary Expense	6109	406875								18
19	Supplies Expense	6110									19
20	Interest Income	7001		4200							20
21	Rent Income	7002									21
22	Interest Expense	8001	924								22
23	Loss of Plant Assets	8002	3900								23
24	Federal Income Tax	9001	270170								24
25	Property Tax	9002	47550								25
26			54629909	54629909							26
27											27
28											28

PROBLEM 23-3, *continued*

Name _____ Date _____ Class _____

Wilcoxin Corporation

Income Statement

For Month Ended June 30, 19--

Operating Revenue:	
Sales	
Less Sales Returns & Allow.	
Sales Discount	
Net Sales	
Cost of Merchandise Sold:	
Mdse. Inventory, June 1, 19--	
Purchases	
Less Purch. Ret. & Allow.	
Purchases Discount	
Net Purchases	
Total Cost of Mdse. Avail. for Sale	
Less Mdse. Inventory, June 30, 19--	
Cost of Merchandise Sold	
Gross Profit on Operations	
Operating Expenses:	
Advertising Expense	
Bad Debts Expense	
Delivery Expense	
Depreciation Expense--Bldg.	
Depreciation Expense--Equip.	
Insurance Expense	
Miscellaneous Expense	
Payroll Taxes Expense	
Salary Expense	
Supplies Expense	
Total Operating Expenses	
Income from Operations	
Other Revenue:	
Interest Income	
Rent Income	
Total Other Revenue	

Continue this income statement on the next page.

Wilcoxin Corporation

Income Statement (continued)

For Month Ended June 30, 19--

Other Expenses:															
Interest Expense															
Loss on Plant Assets															
Total Other Expenses															
Net Addition															
Net Income Before Taxes															
Taxes:															
Federal Income Tax															
Property Tax															
Total Taxes															
Net Income After Taxes															

Name _____ Date _____ Class _____

PROBLEM 23-3, continued
[5]

Wilcoxin Corporation

Balance Sheet

June 30, 19--

Assets	
Current Assets:	
Cash	
Petty Cash	
Accounts Receivable	
Less Allowance for Uncollectible Accounts	
Notes Receivable	
Merchandise Inventory	
Supplies	
Prepaid Insurance	
Interest Receivable	
Total Current Assets	
Plant Assets:	
Equipment	
Less Accum. Depr.--Equipment	
Building	
Less Accum. Depr.--Building	
Land	
Total Plant Assets	
Total Assets	

Continue this balance sheet on the next page.

Wilcoxin Corporation

Balance Sheet (continued)

June 30, 19--

Liabilities	
Current Liabilities:	
Accounts Payable	
Notes Payable	
Salaries Payable	
Empl. Income Tax Pay.--Federal	
FICA Tax Payable	
Unempl. Tax Payable--Federal	
Unempl. Tax Payable--State	
Rent Received in Advance	
Interest Payable	
Corp. Income Tax Payable--Federal	
Property Tax Payable	
Total Current Liabilities	
Stockholders' Equity	
Capital Stock	
Retained Earnings	
Total Stockholders' Equity	
Total Liabilities and Stockholders' Equity	

Perfect Score . 33

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 24

Unit A — Analyzing Principles and Procedures for Cash Basis Accounting

INSTRUCTIONS: Determine if each of the following statements is true or false. Indicate your decision by placing a check mark in the Answers columns.

	Answers True	Answers False	For Scoring
0. Some small businesses choose the cash basis method of accounting because the number of entries to be made is reduced	✓		0. ✓
1. When the cash basis method is used, a business probably will not need subsidiary ledgers for accounts receivable and accounts payable			1.
2. The Receipts columns in a daily journal are used to show the sources of cash received by a business			2.
3. The Payments columns in a daily journal are used to show the creditors to whom payments must be made			3.
4. In a cash basis accounting system, the cash register tape is used as the source document for all payments made			4.
5. One difference between records kept on a cash basis and on an accrual basis is that a memorandum entry for the beginning cash balance is not made in the daily journal			5.
6. Even if merchandise is paid for several days after it is received in a cash basis accounting system, the entry is still made as though it is a cash purchase transaction			6.
7. When invoices from creditors are not paid on the day received, the invoices are temporarily filed in an "unpaid invoices" file			7.
8. The source document for a purchases returns and allowances transaction in a cash basis accounting system is a debit memorandum			8.
9. The source document for revenue transactions in a cash basis accounting system is either a cash register tape or a receipt			9.
10. Transactions for supplies bought for cash and bought on account are recorded differently in a cash basis accounting system			10.
11. When expenses are paid in a cash basis accounting system for which there is no special Payments column in the daily journal, the amount is recorded only in the Cash Paid column			11.
12. When cash is paid for electric expenses in a cash basis accounting system, the amount is recorded in the Utilities Payment column, and a check mark is placed in the Item column			12.
13. The procedure for determining the amount of cash to be paid to replenish petty cash is different in a cash basis accounting system than it is in an accrual basis accounting system			13.
14. The computations made to prove cash in a cash basis accounting system are the same as those made in an accrual basis system			14.
15. The sum of the totals of all Receipts columns in the daily journal is the same as the total of the Cash Received column			15.
16. The sum of all Payments columns in the daily journal is the same as the total of the Receipts columns			16.
17. A summary report is made in a cash basis accounting system to collect information in one place for preparing financial statements			17.
18. Data used to prepare an income statement in a cash basis accounting system are taken from the daily journal and from the summary report			18.

Unit B — Recording Transactions in a Daily Journal

INSTRUCTIONS: For *each* of the transactions listed below, select *all* amount columns in the daily journal that will be used. Print the identifying capital letters for the daily journal amount columns in the Answers column.

MONTH OF 19 DAILY JOURNAL PAGE

	CASH		DOC. NO.	DATE	ITEM	RECEIPTS			PAYMENTS				
	1 RECEIVED C-1	2 PAID C-2				3 SALES R-1	4 SALES TAX R-2	5 OTHER R-3	6 PURCHASES P-1	7 SUPPLIES P-2	8 UTILITIES P-3	9 OTHER P-4	
1	A	B				C	D	E	F	G	H	I	1
2													2

Transactions

	Answers	For Scoring
0. Merchandise purchased for cash	*B, F*	0. ✓
19. Issued a check to pay for merchandise received previously		19.
20. Received cash for merchandise returned to a vendor		20.
21. Total weekly cash sales including sales tax		21.
22. Cash paid for supplies		22.
23. Cash paid for supplies bought and received a week ago		23.
24. Issued a check to pay for the telephone bill		24.
25. Issued a check to pay for this month's rent		25.
26. Issued a check to pay for equipment bought today		26.
27. Issued a check to replenish petty cash including payments for supplies and miscellaneous expenses		27.

Unit C — Completing the Daily Journals and Preparing Financial Statements

INSTRUCTIONS: For each of the statements given below, choose the item that best completes the statement. Print the identifying letter of your choice in the Answers column.

	Answers	For Scoring
0. The ending cash balance is recorded in the daily journal (A) below the column total of the Cash Received column (B) in the Item column (C) in the Cash Paid column	*A*	0. ✓
28. On the printed income statement form, the amounts for all blank lines with no code numbers are obtained by (A) checking the summary report (B) figuring the amounts from data filled in on other lines (C) the totals of columns in the daily journal		28.
29. The total of the Other Receipts column is analyzed in the daily journal to (A) see if any errors have been made (B) determine if total of Other Receipts column is equal to Cash Received column (C) determine the total amounts of like kinds of receipts recorded in the Other Receipts column		29.
30. A summary report is prepared at the end of each month to (A) summarize all the totals from the daily journal (B) summarize data needed for the financial reports (C) provide data needed to replenish petty cash		30.
31. The code letters after the blanks for amounts on the summary report indicate (A) where the data came from (B) where the data will be used on the financial statements (C) how data will be punched into cards for automated data processing		31.
32. The annual balance sheet in a cash basis accounting system is (A) prepared by combining figures from the monthly balance sheets (B) prepared by analyzing the amount columns in the daily journal (C) the same as the balance sheet prepared at the end of the last month in the fiscal period		32.
33. On the summary report, the data about the value of plant assets are obtained from (A) the general ledger plant assets account (B) vendors from whom plant assets are bought (C) the plant assets file records		33.

Name _____ Date _____ Class _____

PROBLEM 24-1, p. 459

MONTH OF 19 DAILY JOURNAL PAGE

	1	2				3	4	5	6	7	8	9	
	CASH					RECEIPTS			PAYMENTS				
	RECEIVED C-1	PAID C-2	DOC. NO.	DATE	ITEM	SALES R-1	SALES TAX R-2	OTHER R-3	PURCHASES P-1	SUPPLIES P-2	UTILITIES P-3	OTHER P-4	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
8													8
9													9
10													10
11													11
12													12
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15													15
16													16
17													17
18													18
19													19
20													20
21													21
22													22
23													23
24													24
25													25

[1–3]

MONTH OF 19 DAILY JOURNAL PAGE

	1	2				3	4	5	6	7	8	9	
	CASH		DOC. NO.	DATE	ITEM	RECEIPTS			PAYMENTS				
	RECEIVED C-1	PAID C-2				SALES R-1	SALES TAX R-2	OTHER R-3	PURCHASES P-1	SUPPLIES P-2	UTILITIES P-3	OTHER P-4	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
8													8
9													9
10													10
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19													19
20													20
21													21
22													22
23													23
24													24
25													25

PROBLEM 24-1, continued

[4]

MONTH OF 19 DAILY JOURNAL PAGE

	1	2				3	4	5	6	7	8	9	
	CASH		DOC. NO.	DATE	ITEM	RECEIPTS			PAYMENTS				
	RECEIVED C-1	PAID C-2				SALES R-1	SALES TAX R-2	OTHER R-3	PURCHASES P-1	SUPPLIES P-2	UTILITIES P-3	OTHER P-4	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
8													8
9													9
10													10
11													11
12													12

Name _____ Date _____ Class _____

[2] *Prove cash:*

Cash balance, July 1, 19-- ..... $_____
Plus total cash received (column C-1) ..... _____
Equals total cash available during July ..... $_____
Minus total cash paid (column C-2) ..... _____
Equals cash balance, July 31, 19-- ..... $_____

[2] *Prove daily journal:*

Column R-1 footing ..... $_____
Plus column R-2 footing ..... _____
Plus column R-3 footing ..... _____
Equals total Receipts columns ..... $_____
Total C-1 column ..... $_____

Column P-1 footing ..... $_____
Plus column P-2 footing ..... _____
Plus column P-3 footing ..... _____
Plus column P-4 footing ..... _____
Equals total Payments columns ..... $_____
Total column C-2 ..... $_____

PROBLEM 24-1, concluded

CYCLE SHOP
Income Statement
For Month Ended _____ 19____

OPERATING REVENUE:			
Sales			$ _____ R-1
COST OF MERCHANDISE:			
Merchandise Inventory, end of last month		$ _____ S-3	
Purchases	$ _____ P-1		
Less Purchases Returns	_____ R-3		
Net Purchases		_____	
Total Merchandise Available for Sale		$ _____	
Less Merchandise Inventory, end of this month		_____ S-4	
Cost of Merchandise Sold			_____
GROSS PROFIT ON OPERATIONS			$ _____
EXPENSES:			
Equipment		$ _____ P-4	
Insurance		_____ P-4	
Miscellaneous		_____ P-4	
Rent		_____ P-4	
Supplies		_____ P-2	
Utilities		_____ P-3	
Other (list below):			
_____		_____ P-4	
_____		_____ P-4	
_____		_____ P-4	
_____		_____ P-4	
_____		_____ P-4	
Total Expenses			_____
NET INCOME			$ _____

[1] *Prove cash:*

Cash balance, May 1, 19--	$ _____
Plus total cash received (column C-1)	_____
Total cash available during May	$ _____
Minus total cash paid (column C-2)	_____
Equals cash balance, May 31, 19--	$ _____

Name _____ Date _____ Class _____

CYCLE SHOP
Balance Sheet
_____ 19____

ASSETS:			
Cash		$_____	C-1
Merchandise Inventory		_____	S-4
Equipment		_____	S-1
Other (list below):			
_____		_____	
_____		_____	
Total Assets			$_____
LIABILITIES:			
Accounts Payable	$_____	S-2	
Sales Tax	_____	R-2	
Other (list below):			
_____	_____		
_____	_____		
Total Liabilities		$_____	
CAPITAL:			
Capital, end of last month	$_____	S-5	
Plus: Additional Investment	_____	R-3	
Net Income of this month	_____		
Less: Withdrawals of this month	_____	P-4	
Capital, end of this month		_____	
TOTAL LIABILITIES AND CAPITAL			$_____

Recording transactions and preparing financial statements on a cash basis [1–3]

MONTH OF 19 DAILY JOURNAL PAGE

	1	2				3	4	5	6	7	8	9	
	CASH		DOC. NO.	DATE	ITEM	RECEIPTS			PAYMENTS				
	RECEIVED C-1	PAID C-2				SALES R-1	SALES TAX R-2	OTHER R-3	PURCHASES P-1	SUPPLIES P-2	UTILITIES P-3	OTHER P-4	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
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19													19
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22													22
23													23
24													24
25													25

PROBLEM 24-3, p. 461

[1–3]

MONTH OF 19 DAILY JOURNAL PAGE

	1	2				3	4	5	6	7	8	9	
	CASH		DOC. NO.	DATE	ITEM	RECEIPTS			PAYMENTS				
	RECEIVED C-1	PAID C-2				SALES R-1	SALES TAX R-2	OTHER R-3	PURCHASES P-1	SUPPLIES P-2	UTILITIES P-3	OTHER P-4	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
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21													21
22													22
23													23
24													24
25													25

Name _____ Date _____ Class _____

PROBLEM 24-3, continued

[3]

MONTH OF 19 **DAILY JOURNAL** PAGE

	1	2				3	4	5	6	7	8	9	
	CASH		DOC. NO.	DATE	ITEM	RECEIPTS			PAYMENTS				
	RECEIVED C-1	PAID C-2				SALES R-1	SALES TAX R-2	OTHER R-3	PURCHASES P-1	SUPPLIES P-2	UTILITIES P-3	OTHER P-4	
1													1
2													2
3													3
4													4
5													5
6													6
7													7
8													8
9													9
10													10
11													11
12													12

[2] *Prove cash:*

Cash balance, March 1, 19--..... $_____
Plus total cash received (column C-1) ..... _____
Equals total cash available during March ..... $_____
Minus total cash paid (column C-2) ..... _____
Equals cash balance, March 31, 19-- ..... $_____

[2] *Prove daily journal:*

Column R-1 footing..... $_____
Plus column R-2 footing..... _____
Plus column R-3 footing..... _____
Equals total Receipts columns ..... $_____
Total C-1 column..... $_____

Column P-1 footing ..... $_____
Plus column P-2 footing ..... _____
Plus column P-3 footing ..... _____
Plus column P-4 footing ..... _____
Equals total Payments columns ..... $_____
Total column C-2..... $_____

Name _____ Date _____ Class _____

LEATHER CORNER
Income Statement
For Month Ended _____ 19___

OPERATING REVENUE:				
Sales				$ _____ R-1
COST OF MERCHANDISE:				
Merchandise Inventory, end of last month			$ _____ S-3	
Purchases	$ _____ P-1			
Less Purchases Returns	_____ R-3			
Net Purchases			_____	
Total Merchandise Available for Sale			$ _____	
Less Merchandise Inventory, end of this month			_____ S-4	
Cost of Merchandise Sold				_____
GROSS PROFIT ON OPERATIONS				$ _____
EXPENSES:				
Equipment			$ _____ P-4	
Insurance			_____ P-4	
Miscellaneous			_____ P-4	
Rent			_____ P-4	
Supplies			_____ P-2	
Utilities			_____ P-3	
Other (list below):				
_____			_____ P-4	
_____			_____ P-4	
_____			_____ P-4	
_____			_____ P-4	
_____			_____ P-4	
Total Expenses				_____
NET INCOME				$ _____

LEATHER CORNER
Balance Sheet
_____ 19____

ASSETS:			
Cash		$_____	C-1
Petty Cash		_____	
Merchandise Inventory		_____	S-4
Equipment		_____	S-1
Other (list below):			
_____		_____	
_____		_____	
Total Assets			$_____
LIABILITIES:			
Accounts Payable	$_____	S-2	
Sales Tax	_____	R-2	
Other (list below):			
_____	_____		
_____	_____		
Total Liabilities		$_____	
CAPITAL:			
Capital, end of last month	$_____	S-5	
Plus: Additional Investment	_____	R-3	
Net Income of this month	_____		
Less: Withdrawals of this month	_____	P-4	
Capital, end of this month		_____	
TOTAL LIABILITIES AND CAPITAL			$_____

Perfect Score .35

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 25

Unit A — Principles of Budgetary Control

INSTRUCTIONS: For each of the following items, select the answer that best completes the sentence. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. Planning the financial operations of a business is called (A) operational guidance (B) statement preparation (C) budgeting (D) managing	*C*	0. ✓
1. A written financial plan of a business for a specific period of time, expressed in dollars, is called (A) a budget (B) a capital statement (C) a balance sheet (D) an income statement		1.
2. One important role a budget serves for management is (A) an operational control guide (B) a financial analysis (C) an increase in sales (D) to summarize expenditures		2.
3. The budget normally used to compare current performance with budget plans is the (A) weekly budget (B) monthly budget (C) quarterly budget (D) annual budget		3.
4. A comparative income statement is prepared in order to show trends that may be occurring in the values of (A) assets, liabilities, and capital (B) costs, expenses, and liabilities (C) revenue, costs, and expenses (D) liabilities, revenue, and assets		4.
5. The first budget schedule that is usually prepared is the (A) advertising budget schedule (B) purchases budget schedule (C) sales budget schedule (D) selling expense budget schedule		5.
6. Preparing the sales budget of a business is usually the responsibility of the (A) assistant accountant and the department managers (B) budget committee and the department managers (C) budget committee and the treasurer (D) sales manager and the assistant accountant		6.
7. The administrative expense budget schedule shows the expected expenditures for the budget period for all operating expenses not directly related to the (A) advertising operation (B) buying operation (C) selling operation (D) payroll operation		7.
8. At the end of each quarter of operation during the budget period, the actual cash balance is compared with the estimated cash balance as shown in the (A) selling expense budget schedule (B) budgeted income statement (C) cash receipts schedule (D) cash budget		8.
9. The cash budget is prepared from the information in the (A) cash receipts schedule and the cash payments schedule (B) budgeted income statement and the cash receipts schedule (C) sales budget schedule and the cash payments schedule (D) selling expense budget schedule and the cash receipts schedule		9.
10. After consulting with the budget committee, the person who usually plans the cash budget of a business is the (A) assistant accountant (B) general manager (C) sales manager (D) treasurer		10.

Unit B — Examining Procedures of Budgetary Control

INSTRUCTIONS: After each question given below, place a check mark (✓) in one of the Answers columns to indicate your answer.

	Answers		For Scoring
	Yes	No	
0. Do successful businesses determine company goals?	✓		0. ✓
11. In preparing the budget, should consideration be given to the past operations of the business?			11.
12. In planning a budget, are price trends usually considered?			12.
13. In planning a budget, should consideration be given to the effect on sales of new products?			13.
14. In planning a budget, should consideration not be given to general economic conditions?			14.
15. In planning a budget, should the activities of competitors be ignored?			15.
16. Since some information will be in conflict with other information, are budget decisions based finally on company records?			16.
17. Can a business usually make a more reliable estimate of how much merchandise should be purchased if it first makes a careful estimate of how much merchandise it plans to sell?			17.
18. Does the estimated amount of future sales determine to some extent the amount that a business can spend for future salaries?			18.
19. Is the purchases budget schedule prepared before the sales budget has been approved?			19.
20. In preparing the purchases budget schedule, should the estimate of net sales as shown in the sales budget schedule be taken into consideration?			20.
21. In preparing the purchases budget schedule, must the amount of merchandise inventory at the beginning of the budget year be taken into consideration?			21.
22. Is the selling expense budget schedule prepared before amounts are budgeted for each selling expense item?			22.
23. Are the amounts budgeted for selling expense items summarized in a single selling expense budget schedule?			23.
24. Are the amounts for advertising expense reported in the selling expense budget schedule of Newberg Fence Company the same amounts for each quarter?			24.
25. Is the administrative expense budget schedule prepared before amounts are budgeted for each administrative expense item?			25.
26. Are the amounts budgeted for the different administrative expense items summarized in a single administrative expense budget schedule?			26.
27. Are the individual budget schedules for sales, purchases, selling expenses, and administrative expenses summarized in a budgeted income statement?			27.
28. In planning a cash receipts schedule, is consideration given to expected payments to creditors on account?			28.
29. In planning a cash payments schedule, is consideration given to expected receipts from customers on account?			29.
30. In planning a cash receipts schedule, is consideration given to the effect of anticipated cash sales?			30.
31. In planning a cash payments schedule, is consideration given to anticipated purchases of equipment and other assets?			31.
32. In planning the cash payments schedule, is consideration given to anticipated buying of supplies?			32.
33. Does the amount of estimated depreciation expense appear on the cash payments schedule?			33.
34. Does the amount of estimated bad debts expense appear on the cash payments schedule?			34.
35. Does the cash budget bring together the cash receipts schedule and the cash payments schedule?			35.

Preparing a sales budget schedule and a purchases budget schedule [1]

HEWITT COMPANY SALES BUDGET SCHEDULE FOR YEAR ENDED DECEMBER 31, 1979				
Quarter	1978 Units @ 5.00	Actual Amount	1979 Units @ 5.25	Estimated Amount
1st Quarter				
2d Quarter				
3d Quarter				
4th Quarter				
Year				

[2]

	HEWITT COMPANY PURCHASES BUDGET SCHEDULE FOR YEAR ENDED DECEMBER 31, 1979												
Period	Ending Inventory	+	Sales	=	Total Needed	−	Beginning Inventory	=	Purchases	×	Unit Cost	=	Cost of Purchases
1st Quarter													
2d Quarter													
3d Quarter													
4th Quarter													
Year													

Name _____ Date _____ Class _____

Zyvoloski Company Schedule 1

Selling Expense Budget Schedule

For Year Ended December 31, 19--

Zyvoloski Company Schedule 2

Administrative Expense Budget Schedule

For Year Ended December 31, 19--

Name _____ Date _____ Class _____

Zyvoloski Company

Budgeted Income Statement

For Year Ended December 31, 19--

ABDULLAH COMPANY
CASH RECEIPTS SCHEDULE
FOR YEAR ENDED DECEMBER 31, 1979

Schedule A

Quarter	1st	2d	3d	4th
From Sales:				
Cash Sales and A/R Collections (this quarter sales)				
A/R Collections (last quarter sales)				
Total Cash Receipts				

ABDULLAH COMPANY
CASH PAYMENTS SCHEDULE
FOR YEAR ENDED DECEMBER 31, 1979

Schedule B

Quarter	1st	2d	3d	4th
For Merchandise:				
Cash Payments and A/P Payments (this quarter purchases)				
A/P Payments (last quarter purchases)				
Total Cash Purchases				
For Expenses				
Total Cash Payments				

ABDULLAH COMPANY
CASH BUDGET
FOR YEAR ENDED DECEMBER 31, 1979

Quarter	1st	2d	3d	4th
Cash Balance — Beginning				
Add Cash Receipts (Schedule A)				
Cash Available				
Less Cash Payments (Schedule B)				
Cash Balance — Ending				

Name _____ Date _____ Class _____ *MASTERY PROBLEM 25-M, p. 491*

Preparing a cash budget

ABDULLAH COMPANY
CASH RECEIPTS SCHEDULE
FOR YEAR ENDED DECEMBER 31, 1979

Schedule A

Quarter	1st	2d	3d	4th
From Sales:				
Cash Sales and A/R Collections (this quarter sales)				
A/R Collections (last quarter sales)				
Total Receipts from Sales				
From Other Sources:				
Note Payable to Bank				
Total Cash Receipts				

ABDULLAH COMPANY
CASH PAYMENTS SCHEDULE
FOR YEAR ENDED DECEMBER 31, 1979

Schedule B

Quarter	1st	2d	3d	4th
For Merchandise:				
Cash Payments and A/P Payments (this quarter purchases)				
A/P Payments (last quarter purchases)				
Total Cash Purchases				
For Expenses				
For Other Payments:				
Buy New Equipment				
Pay Note Payable and Interest				
Pay Cash Dividend				
Total Other Cash Payments				
Total Cash Payments				

ABDULLAH COMPANY
CASH BUDGET
FOR YEAR ENDED DECEMBER 31, 1979

Quarter	1st	2d	3d	4th
Cash Balance — Beginning				
Add Cash Receipts (Schedule A)				
Cash Available				
Less Cash Payments (Schedule B)				
Cash Balance — Ending				

Preparing a sales budget schedule and a purchases budget schedule [1]

RHODES COMPANY SALES BUDGET SCHEDULE FOR YEAR ENDED DECEMBER 31, 1979				
Quarter	1978 Units @ 3.80	Actual Amount	1979 Units @ 4.00	Estimated Amount
1st Quarter				
2d Quarter				
3d Quarter				
4th Quarter				
Year				

[2]

	RHODES COMPANY PURCHASES BUDGET SCHEDULE FOR YEAR ENDED DECEMBER 31, 1979												
Period	Ending Inventory	+	Sales	=	Total Needed	−	Beginning Inventory	=	Purchases	×	Unit Cost	=	Cost of Purchases
1st Quarter													
2d Quarter													
3d Quarter													
4th Quarter													
Year													

Perfect Score . 40

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 26

Unit A — Examining the Process of Decision-Making

INSTRUCTIONS: For each of the following items, select the answer that best completes the statement. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. All the costs for a specific period of time usually are called (A) fixed costs (B) total costs (C) unit costs (D) variable costs	*B*	0. √
1. Those costs which change in direct proportion to the change in the number of units are called (A) fixed costs (B) total costs (C) unit costs (D) variable costs		1.
2. The amount spent for a specific product or service is called a (A) fixed cost (B) total cost (C) unit cost (D) variable cost		2.
3. Those costs that remain constant regardless of change in business activity are called (A) fixed costs (B) total costs (C) unit costs (D) variable costs		3.
4. If the costs to make a chair are $2.00 fixed costs and $3.00 variable costs, and sales for the period are $2,800.00, the unit cost for the chair is (A) $2,800.00 (B) $2.00 (C) $3.00 (D) $5.00		4.
5. The $2.00 paid by a commercial photographer for each roll of camera film is a (A) variable cost (B) fixed cost (C) total cost (D) breakeven cost		5.
6. The $500.00 per month rent paid by a commercial photographer is (A) variable cost (B) fixed cost (C) total cost (D) breakeven cost		6.
7. Gross profit is obtained by subtracting (A) all fixed costs from sales (B) all variable costs from sales (C) the cost of merchandise sold from sales (D) sales from the cost of merchandise sold		7.
8. Contribution margin is determined by subtracting (A) all fixed costs from sales (B) all variable costs from sales (C) the cost of merchandise sold from sales (D) sales from the cost of merchandise sold		8.
9. The items of information needed to compute the breakeven point are total revenue, (A) total costs, and total variable costs (B) total fixed costs, and total unit costs (C) total fixed costs, and total variable costs (D) total unit costs, and total variable costs		9.
10. The first step in figuring the breakeven point is to figure the (A) contribution margin rate (B) breakeven cost (C) contribution margin (D) sales mix		10.
11. After sales reaches the breakeven point each additional unit sold will increase net income the same amount as the (A) fixed cost per unit (B) variable cost per unit (C) sales price per unit (D) contribution margin per unit		11.
12. A larger increase in net income will result from a (A) 10% reduction in fixed costs (B) 10% reduction in variable costs (C) 10% increase in sales price (D) 10% increase in salaries		12.
13. Selling prices are usually established by (A) total manufacturing costs (B) fixed costs (C) variable costs (D) competitors' selling prices		13.

Unit B — Principles of Management Decision-Making

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Does a manager increase company net income by increasing revenues and/or decreasing costs?	√		0. √
14. Is a manager's primary responsibility that of making decisions?			14.
15. Is the income statement the best information to help a manager identify the cause of decreasing net income?			15.
16. Are all the costs for a specific period of time called unit costs?			16.
17. Are "gallons" and "liters" some of the acceptable terms for expressing units of costs?			17.
18. Is an important fact needed by a manager to make decisions that will yield a favorable net income the amount of merchandise the company must sell to make a reasonable net income?			18.
19. Is a knowledge of unit costs helpful to the manager in determining selling prices?			19.
20. Is contribution margin information a manager uses to make decisions?			20.
21. Does the income statement that reports contribution margin and net income usually group expenses into more than two categories?			21.
22. Do fixed costs plotted on a graph become a straight line that is sloped upward?			22.
23. Do variable costs plotted on a graph become a straight line that is parallel with the base of the graph?			23.
24. Is the breakeven point that point where the entire contribution margin is used to pay the fixed costs?			24.
25. Is the point at which no net income is earned and no loss is incurred called the no-profit point?			25.
26. Is the breakeven point that position at which the amount of revenue is exactly the same as the amount of costs?			26.
27. Should a manager be able to determine how much merchandise the company must sell to make a reasonable net income?			27.
28. Does the breakeven point help management determine how many dollars worth of merchandise must be sold before the company starts making a profit?			28.
29. Is the breakeven point determined by dividing contribution margin by total sales?			29.
30. Is the contribution margin rate computed by subtracting total variable costs from revenue?			30.
31. Do variable costs increase as sales increase?			31.
32. Do variable costs decrease as sales decrease?			32.
33. Do fixed costs increase as sales increase?			33.
34. Do fixed costs decrease as sales decrease?			34.
35. Must contribution margin be more than fixed costs before any net income can be earned?			35.
36. Is the relative distribution of sales among various products called sales mix?			36.
37. Should selling prices be set at that amount which will include a reasonable net income while keeping competitive prices?			37.
38. Is the breakeven point in dollars figured the same way breakeven point in units is figured?			38.
39. Is the simplest way to verify the accuracy of breakeven figures to prepare a balance sheet using the breakeven point numbers?			39.
40. Does knowing the breakeven point for November help the manager plan business activities for November?			40.

Name _____ Date _____ Class _____

Figuring the contribution margin;
figuring the contribution margin rate;
figuring the breakeven point

[1] Figure the contribution margin:

$ _____ − $ _____ = $ _____ ◀ CONTRIBUTION MARGIN

[2] Figure the contribution margin rate:

$ _____ / $ _____ = _____ % ◀ CONTRIBUTION MARGIN RATE

[3] Figure the breakeven point in

(a) sales dollars:

$ _____ = $ _____ ◀ BREAKEVEN POINT IN SALES DOLLARS

(b) units:

$ _____ / $ _____ = _____ units ◀ BREAKEVEN POINT IN UNITS

Figuring the breakeven point; figuring plans for net income

[1] Figure the breakeven point for the year

(a) in total sales dollars:

(b) in number of chairs:

[2] If a $30,000 annual net income is desired, figure the required

(a) sales dollars:

(b) number of chairs to be sold:

[3] Figure the breakeven point, if it is decided that an additional $36,000 in salaries will be paid in place of the $1.20 per chair sales commission

(a) in sales dollars:

(b) in number of chairs:

Name _____ Date _____ Class _____

Figuring unit selling price: unit variable costs; total fixed costs

(a) Unit selling price increases 20%:

(b) Unit variable costs increase 20%:

(c) Total fixed costs increase 20%:

(d) All changes of Parts (a), (b), and (c) occur:

(a) Unit selling price increases 20%:

(b) Unit variable costs increase 20%:

(c) Total fixed costs increase 20%:

(d) All changes of Parts (a), (b), and (c) occur:

Perfect Score . 38

Deduct .....___

Your Score ...___

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 27

Unit A — Analyzing Financial Statements

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Do managers use financial information to help them make better decisions about operating the business?	√		0. √
1. Is a common objective for analyzing financial data to determine the financial strength of a business?			1.
2. Can management determine whether the business is making satisfactory progress by analyzing financial statements from a single fiscal period?			2.
3. Does the use of percentages on a comparative income statement help to make apparent the trends from one year to the next?			3.
4. Is figuring that Cost of Merchandise Sold increased 8.2% this year over last year an example of a component percentage?			4.
5. Can ratios be expressed as a percentage or a fraction?			5.
6. Do all companies consider the same rate of return on sales acceptable?			6.
7. Is rate of return on average total assets a measure of short-term financial strength?			7.
8. Does a rate of return on total assets of 9.1 percent mean that for each $1.00 in liabilities the business earned 9.1 cents?			8.
9. Is the average owners' equity figured by dividing by two the end of year owners' equity balance?			9.
10. Is the owner's equity in a corporation the difference between the company's total assets and its total liabilities?			10.
11. Does a rate of return on average owners' equity of 20% mean that for each $1.00 of owners' equity the business earned 20 cents net income after income taxes?			11.
12. Is the rate of return on average owners' equity determined by dividing the amount of the total capital by the amount of the current liabilities?			12.
13. When the net sales of a business increase each year, should management expect that a similar increase will occur each year in net income?			13.
14. Is the trend unfavorable if each year the price paid for merchandise increases without a comparable increase in selling price?			14.
15. Is the trend favorable if the rate of return on average owners' equity decreases each year?			15.
16. Is the rate of return on net sales figured by dividing the net income after income tax by net sales?			16.
17. Does an increase in earnings per share usually affect the selling price of the capital stock?			17.
18. Is earnings per share figured by dividing the net income after income tax by the total owners' equity?			18.
19. Is it common expectation in business that current liabilities will be paid from cash on hand plus cash soon to be received from other current assets?			19.
20. Does a current ratio of 2.4:1 mean that the business owns $1.00 in current assets for each $2.40 needed to pay current liabilities?			20.
21. Is a current ratio more meaningful when compared to current ratios for past years?			21.
22. Is merchandise inventory normally considered to be a quick asset?			22.

Unit B — Business Vocabulary

INSTRUCTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying letter of that term in the Answers column.

Column I

A — acid-test ratio
B — comparative financial statements
C — component percentage
D — current ratio
E — earnings per share
F — quick assets
G — rate of return on average owners' equity
H — rate of return on average total assets
I — rate of return on net sales
J — ratio
K — trend analysis

Column II

	Answers	For Scoring
0. The percentage relationship between one item on a financial statement and the total that includes that item	*C*	0. ✓
23. The rate found by dividing net income after federal income tax by average total assets		23.
24. The amount of net income earned on one share of common stock during a fiscal period		24.
25. Financial statements containing data for each of several years		25.
26. The ratio that shows the numeric relationship of quick assets to current liabilities		26.
27. An expression of the numeric relationship between two amounts		27.
28. The rate found by dividing net income after federal income tax by average owners' equity		28.
29. A ratio that shows the numeric relationship of current assets to current liabilities		29.
30. Those current assets that are cash or that can be quickly turned into cash		30.
31. The rate found by dividing net income after federal income tax by net sales		31.
32. Comparing the relationship between one item on a financial statement and the same item on a previous year's financial statement		32.

Unit C — Principles of Financial Analysis

INSTRUCTIONS: For each of the following items, select the answer that best completes the statement. Then print in the Answers column at the right the capital letter identifying your choice.

	Answers	For Scoring
0. In Chapter 27, an acceptable current ratio for Barcelona Corporation is (A) 1.5:1 (B) 2:1 (C) 2.5:1 (D) 3:1	*B*	0. ✓
33. A commonly used comparison for analyzing financial statements is (A) net sales (B) trend analysis (C) income statement (D) capital stock		33.
34. An acceptable rate of return on sales (A) is 3% (B) is 9% (C) is 18% (D) depends upon the characteristics of the business		34.
35. The most favorable trend in rate of return on average total assets, with earlier years listed first, is (A) 12%, 9%, 7% (B) 9%, 7%, 12% (C) 7%, 9%, 12% (D) 9%, 9%, 9%		35.
36. The ratio that shows the ability of a business to pay almost immediately all current liabilities is the (A) acid-test ratio (B) current ratio (C) equity ratio (D) ratio of current assets to fixed assets		36.
37. If net income after income tax is $20,000.00, total owners' equity is $200,000.00 and shares of stock outstanding are 400, the earnings per share is (A) $50.00 (B) $10.00 (C) 10% (D) $500.00		37.
38. If cash is $10,000.00, accounts receivable is $20,000, inventory is $30,000, and current liabilities are $30,000.00, the acid-test ratio is (A) 1:1 (B) 2:1 (C) 3:1 (D) 1.67:1		38.

Name _____ Date _____ Class _____

Preparing comparative financial statements

[1]

The two comparative financial statements prepared in Problem 27-1 will be needed to complete Problems 27-2, 27-3, and 27-4.

[2]

Name _____ Date _____ Class _____

Analyzing a comparative income statement

The comparative income statement prepared in Problem 27-1 is needed to complete this problem.

	[1]	[2]
	PERCENTAGE OF NET SALES FOR:	
(a)	Cost of merchandise sold: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(b)	Gross profit on operations: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(c)	Total operating expenses: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(d)	Net income after federal income tax: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:

Analyzing earnings performance from comparative financial statements

The comparative statements prepared in Problem 27-1 are needed to complete this problem.

	[1]	[2]
(a)	Rate of return on average total assets: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(b)	Rate of return on average owners' equity: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(c)	Rate of return on net sales: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(d)	Earnings per share: 1978: $ ÷ = $ 1979: $ ÷ = $	Trend: Reason:

Name _____ Date _____ Class _____

Analyzing short-term financial strength from a comparative balance sheet

The comparative statements prepared in Problem 27-1 are needed to complete this problem.

	[1]	[2]
(a)	Current ratio: 1978: $ ÷ $ = 1979: $ ÷ $ =	Trend: Reason:
(b)	Acid-test ratio: 1978: $ ÷ $ = 1979: $ ÷ $ =	Trend: Reason:

Use the space below for any necessary calculations.

Name _____ Date _____ Class _____

MASTERY PROBLEM 27-M, p. 525
[1]

Preparing and analyzing comparative financial statements

	[3]	[4]
	PERCENTAGE OF NET SALES FOR:	
(a)	Cost of merchandise sold: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(b)	Gross profit on operations: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(c)	Total operating expenses: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(d)	Net income after federal income tax: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:

	[5]	[6]
(a)	Rate of return on average total assets: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(b)	Rate of return on average owners' equity: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(c)	Rate of return on net sales: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(d)	Earnings per share: 1978: $ ÷ = $ 1979: $ ÷ = $	Trend: Reason:

	[7]	[8]
(a)	Current ratio: 1978: $ ÷ $ = 1979: $ ÷ $ =	Trend: Reason:
(b)	Acid-test ratio: 1978: $ ÷ $ = 1979: $ ÷ $ =	Trend: Reason:

Use the space below for any necessary calculations.

Name _____ Date _____ Class _____

BONUS PROBLEM 27-B, p. 526
[1]

Preparing and analyzing comparative financial statements

	[3]	[4]
(a)	PERCENTAGE OF NET SALES FOR: Cost of merchandise sold: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(b)	Gross profit on operations: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(c)	Total operating expenses: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(d)	Net income after federal income tax: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:

	[5]	[6]
(a)	Rate of return on average total assets: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(b)	Rate of return on average owners' equity: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(c)	Rate of return on net sales: 1978: $ ÷ $ = % 1979: $ ÷ $ = %	Trend: Reason:
(d)	Earnings per share: 1978: $ ÷ = $ 1979: $ ÷ = $	Trend: Reason:

	[7]	[8]
(a)	Current ratio: 1978: $ ÷ $ = 1979: $ ÷ $ =	Trend: Reason:
(b)	Acid-test ratio: 1978: $ ÷ $ = 1979: $ ÷ $ =	Trend: Reason:

Use the space below for any necessary calculations.

Perfect Score . 34

Deduct . . . . . .—

Your Score . . .—

Name _____

Date _____ Class _____

Checked by _____

STUDY GUIDE 28

Unit A — Analyzing Changes in Financial Position

INSTRUCTIONS: After each question given below, place a check mark (√) in one of the Answers columns to indicate your answer.

	Answers Yes	Answers No	For Scoring
0. Are comparative balance sheets, income statements, and capital statements helpful in showing trends and changes in the financial position of a business? . . .	√		0. √
1. Do comparative financial statements fail to reveal what causes the changes in the financial position of a business?			1.
2. Does a statement of changes in financial position show where funds came from, how funds were used, and changes in fund totals?			2.
3. Are prepaid expenses an example of current assets?			3.
4. Are inventories of merchandise an example of plant assets?			4.
5. Does a statement of changes in financial position identify transactions that "use up" working capital?			5.
6. Is the working capital increased if a company receives cash for an accounts receivable?			6.
7. Is the working capital of a business affected when 200 shares of its common stock worth $5,000.00 are traded for a new delivery truck?			7.
8. Do those funds that are provided from normal business operations represent one of the most common sources of a firm's working capital?			8.
9. When the amount of net income is used as a source for determining working capital funds, is the total for depreciation added to the net income figure?			9.
10. Is the sale of a plant asset an example of a source of working capital funds from normal operations?			10.
11. Is the retirement of bonds payable an example of a source of funds from other than normal operations?			11.
12. Is the sale of additional capital stock by a corporation an example of a source of funds from other than normal operations?			12.
13. Is the payment of a long-term note payable an example of a use of working capital funds?			13.
14. Is the investment of additional money in the business by the owner of a sole proprietorship an example of use of working capital funds?			14.
15. Does a schedule of changes in working capital supply information that is needed to prepare a statement of changes in financial position?			15.
16. Is the difference between working capital at the beginning of the year and working capital at the end of the year known as the net change in working capital? . . .			16.
17. Does a schedule of changes in working capital identify the specific transactions that are responsible for increases and decreases in working capital?			17.
18. If the total debits in the Changes in Working Capital section of the work sheet are greater than the total credits, has working capital increased?			18.
19. Do the credit entries in the Changes in Working Capital section of the work sheet represent sources of working capital?			19.
20. Does the Changes in Working Capital section of the work sheet provide the information to prepare the statement of changes in financial position?			20.

Unit B — Principles of Accounting for Changes in Financial Position

INSTRUCTIONS: For each of the following items, select the answer that best completes the statement. Then print in the Answers column the capital letter identifying your choice.

	Answers	For Scoring
0. The normal operating cycle of a business is usually (A) one month (B) three months (C) six months (D) one year	*D*	0. ✓
21. A report showing the sources, the uses, and the resulting increase or decrease in funds is called a (A) comparative capital statement (B) comparative income statement (C) schedule of changes in working capital (D) statement of changes in financial position		21.
22. A report showing increases and decreases in current assets, current liabilities, and working capital, is called a (A) comparative capital statement (B) comparative income statement (C) schedule of changes in working capital (D) statement of changes in financial position		22.
23. The excess of a business' total current assets over its total current liabilities is called the (A) uses of working capital (B) financial resources (C) sources of working capital (D) working capital		23.
24. Cash and those assets that are expected to be converted into cash or to be used up during a business operating cycle of one year are called (A) current assets (B) financial resources (C) fixed assets (D) working capital		24.
25. The statement of changes in financial position is also known as the (A) comparative capital statement (B) comparative income statement (C) funds statement (D) schedule of changes in working capital		25.
26. Those obligations that are expected to be paid out of current assets during the next twelve months are called (A) bond sinking funds (B) current liabilities (C) financial resources (D) long-term liabilities		26.
27. Transactions that increase working capital are called (A) uses of working capital (B) changes in working capital (C) sources of working capital (D) working capital		27.
28. Working capital funds can be increased from transactions that (A) decrease capital (B) decrease noncurrent assets (C) decrease noncurrent liabilities (D) increase noncurrent assets		28.
29. Working capital funds can be increased from transactions that (A) decrease capital (B) decrease noncurrent liabilities (C) increase noncurrent assets (D) increase noncurrent liabilities		29.
30. Working capital funds can be increased from transactions that (A) decrease capital (B) decrease noncurrent liabilities (C) increase capital (D) increase noncurrent assets		30.
31. Transactions that decrease working capital are called (A) uses of working capital (B) changes in working capital (C) sources of working capital (D) working capital		31.
32. An example of the kinds of transactions that are uses of working capital are those which (A) decrease noncurrent assets (B) increase capital (C) increase noncurrent assets (D) increase noncurrent liabilities		32.
33. Working capital funds can be decreased from transactions that (A) decrease noncurrent assets (B) decrease noncurrent liabilities (C) increase capital (D) increase noncurrent liabilities		33.
34. Working capital funds can be decreased from transactions that (A) decrease capital (B) decrease noncurrent assets (C) increase capital (D) increase noncurrent liabilities		34.

Name _____ Date _____ Class _____

PROBLEM 28-1, p. 541

Preparing a statement of changes in financial position

[1]

	BALANCES DECEMBER 31		INCREASE/ DECREASE
	1979	1978	

	BEGINNING ACCOUNT BALANCES	ANALYSIS OF TRANSACTIONS FOR 1979		ENDING ACCOUNT BALANCES
		DEBIT	CREDIT	

Name _____ Date _____ Class _____

PROBLEM 28-1, concluded

[4]

Preparing a schedule of changes in working capital

	BALANCES DECEMBER 31		INCREASE/ DECREASE
	1979	1978	

Name _____ Date _____ Class _____

BONUS PROBLEM 28-B, p. 543

[1, 2]

Preparing a statement of changes in financial position

	BEGINNING ACCOUNT BALANCES	ANALYSIS OF TRANSACTIONS FOR 1979		ENDING ACCOUNT BALANCES
		DEBIT	CREDIT	

The last two original pages do not require scanning for any reason, and this concludes all contents of this accounting book. Both pages were blank.